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Daily Report

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CONTENTS

12 July 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Advance Comment on G-7 Summit in Tokyo	1
'Roundup' Views Prospects [RENMIN RIBAO 6 Jul]	1
Daily on U.S. Capability [GUANGMING RIBAO 6 Jul]	1
'Knotty Problems' Seen [Hong Kong WEN WEI PO 7 Jul]	2
G-7 Faces 'Turning Point' [Hong Kong TA KUNG PAO 7 Jul]	3
Reportage on Results of G-7 Summit in Tokyo	4
'Analysis' on President Clinton [XINHUA]	4
Yeltsin on 'Trade Barriers' [XINHUA]	5
'News Analysis' on Summit [XINHUA]	6
'Analysis' on U.S. Performance [XINHUA]	7
U.S., Japan on Trade Talks [XINHUA]	8
President Clinton Leaves Japan, Arrives in ROK [XINHUA]	9
Holds News Conference [XINHUA]	9
U.S., ROK on Umbrella Group [XINHUA]	10
U.S. Pledges Military Support [XINHUA]	10
President Clinton Leaves ROK [XINHUA]	10
President Clinton on Action Against Iraq [XINHUA]	11
Iraq, UN Delay Talks on Sealing Missile Sites [XINHUA]	11
Article Discusses U.S. Military Strategy [Hong Kong WEN WEI PO 11 Jul]	11
DPRK To Return U.S. Soldiers' Remains [XINHUA]	13
Jiang Zemin Discusses Economic, Foreign Issues [XINHUA]	13
Olympic Official on 'Damaging' IOC Report [Tokyo KYODO]	15
Volleyball Federation Chief Inspects Facilities [XINHUA]	15
Ministry: World Bank Loans Reach Record High [XINHUA]	16
State Councillor Attends Symposium on Family [XINHUA]	16
Observers Undertake Mozambican Peacekeeping Tasks [XINHUA]	17
Steps for UN Women's Meeting 'Well Underway' [XINHUA]	17

United States & Canada

Spokesman on U.S. Ruling on Iron Pipe Dumping [XINHUA]	17
U.S. Firm Signs Contract on Computer Factory [XINHUA]	17
Canadian Telecommunications Firm Plans Investment [XINHUA]	18

Central Eurasia

Nuclear Technology Accord Signed With Russia [ZHONGGUO TONGXUN SHE]	18
Russian Joint Border Commission Meeting Ends [Beijing International]	18
Russian Envoy Notes 'Special Position' of Ties [XINHUA]	18
Russian Criticism of Black Sea Issue Reported [XINHUA]	19

Northeast Asia

Reportage on DPRK Treaty Anniversary	19
Groups Hold Function [Beijing International]	19
PRC Envoy Hosts Banquet [XINHUA]	19
Japan Plans 'Massive Investment Plan' for China [CHINA DAILY (BUSINESS WEEKLY) 11-17 Jul]	19

Southeast Asia & Pacific

NPC's Qiao Shi To Visit ASEAN Countries [XINHUA]	20
Singapore's Lee Kuan Yew Continues Yantai Trip [Jinan Radio]	20
Report on Visit, Inspection [Jinan Radio]	21
Tibetan Official Receives Australian Delegation [XINHUA]	21
CPPCC Delegation Visits Lao Official [XINHUA]	21
Extradition Treaty With Thailand Expected 'Soon' [XINHUA]	22

Near East & South Asia

Li Lanqing Returns From Middle East Visit [XINHUA]	22
Nepal's Premier: Relations 'Extremely Harmonious' [XINHUA]	22
Machinery Trade Exhibition Ends in Sri Lanka [XINHUA]	22

West Europe

Jiang Zemin Discusses UK Secretary's Visit [Hong Kong WINDOW 9 Jul]	22
PRC Hosts UK Secretary for Hong Kong Talks	24
Editorial on Secretary's Remarks [Hong Kong WEN WEI PO 9 Jul]	24
Secretary: Talks Find 'Focus' [AFP]	25
Patten Comments on Talks [Hong Kong SOUTH CHINA MORNING POST 10 Jul]	25
Editorial on Talks [Hong Kong TA KUNG PAO 10 Jul]	26
Results Viewed in Editorial [Hong Kong WEN WEI PO 10 Jul]	27
Zhu Rongji Receives French Premier's Envoy [XINHUA]	28

East Europe

PLA Logistics Head Departs for East Europe [XINHUA]	29
Sees Romanian Defense Minister [XINHUA]	29

NATIONAL AFFAIRS

Political & Social

Veteran Shanghai Dissident Jailed Again	
[Hong Kong SOUTH CHINA MORNING POST 12 Jul]	30
Further on Sentencing [AFP]	30
Japanese Paper Reports Deng Undergoes Cancer Surgery [Hong Kong TV]	30
Article Notes Deng Opposes 'Personality Cult' [Hong Kong CHING PAO 5 Jul]	31
Deng Said To Endorse Zhu Rongji Economic Assignment [Hong Kong MING PAO 11 Jul]	31
Zhu Rongji Chairs State Council Session [XINHUA]	32
State Council Appoints New Personnel [XINHUA]	33
State Council Decision on Reforming Organs [XINHUA]	33
Organization Department Urges Studying Jiang Speech [RENMIN RIBAO 3 Jul]	34
Beijing Radio on Circular	34
Deng, Jiang Inscribe Books on Deng Yingchao [XINHUA]	35
Li, Jiang Diplomatic, Courtesy Activities To Be Reduced [Hong Kong WEN WEI PO 9 Jul]	35
Additional Cities, Counties Open to Foreigners [XINHUA]	35
Cooperatives Link Family Planning, Development [XINHUA]	35

Military

Book Reports Airbase Work in South China Sea [AFP]	37
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Economic & Agricultural

Economic Understanding, Coping Measures Urged [XINHUA]	37
Zhu Rongji Finance Work Conference Address Noted [XINHUA]	38
Interest Rate Increase From 11 Jul Announced [XINHUA]	38
Treasury Bond Interest Rate Raised [XINHUA]	39

Commentary Praises Decision [ZHONGGUO XINWEN SHE]	39
Bank of China To Adopt 'Western-Style' Policies [CHINA DAILY (BUSINESS WEEKLY) 11-17 Jul]	40
Banks To Tighten Credit, Redeem 'High-Risk' Loans [CHINA DAILY 9 Jul]	40
Differing Views on Banking 'Crisis' Noted [Hong Kong HSIN PAO 9 Jul]	41
Securities Company Seeking To Advance Overseas [XINHUA]	43
Joint Ventures Earn 'Credibility Certificates' [XINHUA]	43
Beijing Commends 1,117 Foreign-Funded Enterprises [XINHUA]	44
Government Evaluating Foreign-Contributed Assets [XINHUA]	44
Customs Statistics Released on Imports, Exports [XINHUA]	44
Statistics Indicate Trade Deficit Increasing [CHINA DAILY (BUSINESS WEEKLY) 11-17 Jul] ...	45
More Foreign Cooperation in Oil Development Accepted [XINHUA]	45
Hu Qili Announces Major Electronics Projects [XINHUA]	46
National Tax System Reform Planned [Hong Kong TA KUNG PAO 8 Jul]	46
Progress Made in Reforming Commodity Circulation [XINHUA]	47
Distribution in Socialist Market Economy Examined [JINGJI GUANLI 5 Apr]	47
Daily Urges Study of Socialist Market Economy [RENMIN RIBAO OVERSEAS EDITION 5 Jul]	49
Survey Shows Market Mechanism Efforts Successful [XINHUA]	50
Strategies for Controlling Inflation Analyzed [CHINA DAILY 10 Jul]	50
Government Drafting Railway Construction Strategy [XINHUA]	51
Insurance Covers Three Gorges Resettlement [XINHUA]	52
Localities Urged To Focus on Building Small Towns [XINHUA]	52
Subsidy Scheme Aims at Protecting Farmers [CHINA DAILY 12 Jul]	52
Tropical Cultivation Areas Expanded for More Crops [XINHUA]	53

REGIONAL AFFAIRS

East Region

Fujian Maintains Foreign Trade 'Momentum' [XINHUA]	54
Radio Paging Service Develops in Fujian [XINHUA]	54
Jiangsu Produces 'High-Speed Double-Deck' Train [XINHUA]	54
Jiangsu's Nanjing Outlines Housing Plan [XINHUA]	54
Shandong's Jiang Chunyun Inspects Antiflood Work [Jinan Radio]	55
Shandong Discusses Ways To Eradicate Corruption [Jinan Radio]	55
Shandong Reports 1993 Industrial Achievements [Jinan Radio]	56
Report on Zhejiang Civil Aviation Industry [XINHUA]	56

Central-South Region

Guangxi Passes New Rules on Income Tax, Others [Nanning Radio]	56
Guangxi Reforms Stock-Holding System [XINHUA]	57
Guangxi Joint Stock Companies 'Growing Fast' [XINHUA]	57

Southwest Region

Appointment of New Guizhou Party Secretary Noted [Guiyang TV]	57
Guiyang Radio Reports Replacement	60
Official: 'Peace' Returns to Sichuan's Renshou [ZHONGGUO TONGXUN SHE]	61
Rural Industry Gains Momentum in Sichuan [XINHUA]	61
Tibet To Set Up More Middle, Primary Schools [XINHUA]	62

North Region

Beijing Secretary Inspects Fangshan District [BEIJING RIBAO 19 Jun]	62
Beijing Achieves 'Steady Economic Growth' [XINHUA]	63
Hebei Secretary Attends Leading Bodies Meeting [HEBEI RIBAO 23 May]	63
Hong Kong Venture Begins Inner Mongolia Work [XINHUA]	68
Activities, Remarks of Tianjin's Gao Dezhan	68
Addresses Ideological Work [TIANJIN RIBAO 10 Jun]	68

Inspects Flood Control Work [Tianjin Radio]	70
Number of Law Offices Increases in Tianjin [XINHUA]	70

Northeast Region

Heilongjiang To Invest in Infrastructure [XINHUA]	70
Jilin Secretary Investigates Universities [JILIN RIBAO 5 Jun]	71
Jilin Discipline Inspection Work Report [JILIN RIBAO 20 May]	72
Liaoning Official Discusses Tertiary Industry [LIAONING RIBAO 6 Jun]	74
Liaoning's Dalian To Build New District [XINHUA]	76

PRC MEDIA ON TAIWAN AFFAIRS

Xiamen Airlines Demands Repatriation of Hijacker [XINHUA]	78
Article Analyzes Taiwan 'Espionage' on Mainland [Hong Kong WEN WEI PO 8 Jul]	78

TAIWAN

Trade Delegation Leaves for U.S. Talks [CNA]	80
Intellectual Property Right Guidelines Approved [Taipei Radio]	80
Editorial Hails 4 Jul, Discusses U.S. Economy [THE CHINA POST 4 Jul]	80
Defense Minister on F-16 Attack Capability [Taipei Radio]	81
Island Upgrading Armaments [Taipei Radio]	81
Representative Office To Open in Moscow 12 Jul [CNA]	81
Trade Ties 'Top Priority' [CNA]	82
SRV Representative Office Opens in Taipei [CNA]	82
Island Plans to Recruit Vietnamese Workers [Taipei Radio]	82
Forestry Joint Venture Operates in Vietnam [CNA]	82
Taipei To Set Up Fund Office in Mongolia [CNA]	83
Taiwan, Nicaragua Sign Communique on Ties [CNA]	83
Australian Parliamentarians Arrive for Visit [CNA]	83
South Africa's Nelson Mandela To Visit Taipei [CNA]	83
Bank of Taiwan To Upgrade Hong Kong Office [CNA]	84
Taipei Reiterates Right To Attend APEC Forum [Taipei Radio]	84

HONG KONG & MACAO

Hong Kong

Hong Kong Advisory Group Visits Beijing	85
Lu Ping Meets Group [Hong Kong SOUTH CHINA MORNING POST 10 Jul]	85
NPC's Wang Hanbin Sees Group [XINHUA]	85
Qian Qichen Discusses Issue [XINHUA]	86
Official, Advisers Discuss 'True Democracy' [XINHUA]	86
Zhou Nan Meets Hong Kong NPC Members [XINHUA]	87
Patten To Play 'Less Prominent Part' After 1995 [Hong Kong SOUTH CHINA MORNING POST 12 FJul]	87
Patten Calls For Clarification on Through Train [Hong Kong SOUTH CHINA MORNING POST 12 Jul]	88
Jurist Discusses Transition Committee [XINHUA]	88
Fujian Trade Fair in Hong Kong Ends [XINHUA]	89

General

Advance Comment on G-7 Summit in Tokyo

'Roundup' Views Prospects

HK0907145193 Beijing RENMIN RIBAO in Chinese
6 Jul 93 p 6

["Roundup" by staff reporter Liu Aicheng (0491 1947 2052): "The G-7 Summit as Viewed From Washington"]

[Text] Washington, 3 Jul (RENMIN RIBAO)—The annual G-7 summit will be held in Tokyo, Japan, from 7 to 9 July. Viewed from the analyses and predictions made by the press here, there is no cause for optimism regarding this summit, and the United States, the No. 1 power, will not have much room for maneuver.

At present, the G-7 is in general suffering economic depression, and the problem of unemployment is worsening. The United States' economy improved in the fourth quarter last year, but it was only a flash in the pan. In the first quarter of this year, the growth rate was a mere 0.9 percent, whereas the unemployment rate was still as high as 7 percent. Western Europe is also in an economic recession. According to the estimate of the OECD, Germany will have negative economic growth this year, the gross domestic product will decrease at least 1.9 percent, and the unemployment rate will reach 10.1 percent. This year, the EC will have 0.5 percent negative economic growth. In Japan, the economic depression has gone on for more than a year, and the unemployment rate is also rising. This year, the economic growth rate of the G-7 will not exceed 1.2 percent, a drop of 0.3 percent compared with last year. Under such circumstances, the main agenda of this summit is to coordinate economic policies, to bring about economic recovery, and to strive to effectuate aid to Russia.

It was reported that the United States will propose a "strategy of promoting global economic growth," suggest stimulating economic growth and balancing trade with other countries attending the summit, and even recommend to all the other countries setting the goal for annual economic growth at 3 percent. President Clinton recently asserted: Japan should stimulate its economy and open up its market; Germany should lower its interest rates; and West European countries should lift subsidies on agricultural produce and solve other domestic problems. However, other countries in the West did not agree with some of the suggestions made by the United States, and Germany and Japan, in particular, reacted strongly, holding that the U.S. suggestions were a long way from reality.

Another major item on the agenda of this summit is to settle trade friction. Since Japan enjoys the largest trade surplus among the G-7, it has become the target of criticism, and the United States "has come to the end of its patience." Last year, Japan's foreign trade surplus reached \$132 billion, and one-third of it came from the United States. Before this summit, officials of the two countries held two rounds of meetings, the U.S. side once again asked its Japanese counterpart to reduce its global trade surplus by 50 percent in the next three years and to open

up its market to the United States in five sectors, but no results were achieved. It was learned that at this summit, the United States will suggest setting an upper limit to trade surpluses or deficits and advocate that the trade surplus or deficit of each country must not exceed 2 percent of its gross domestic product. It was reported that West European countries will consent to the U.S. proposal, but Japan will not accept it.

The trade friction between the United States, Japan, and the EC is also reflected on the issue of the Uruguay Round of multilateral trade talks. The issue of reducing agricultural subsidies between the United States and Europe, which was too tangled to unravel in the past, has not been completely settled. Since the beginning of this year, the EC, the United States, Japan, and Canada have been holding long talks on the issue of reducing industrial tariffs, but no agreement has been reached yet. It was learned that the United States wishes to reach certain agreements at this summit so that the world trade talks can make progress. However, viewed from the current situation, it is still very difficult to make a breakthrough.

During the summit, Russian President Yeltsin will also go to Tokyo to meet G-7 leaders. It was reported that the issue of aiding Russia is still an important item on the agenda. Last April, at a meeting in Tokyo, G-7 foreign and financial ministers had already decided on a Russian aid plan totaling \$43.4 billion. However, various countries were quite divided on the U.S. proposal to set up a "Russian enterprise privatization fund" of \$4 billion. This summit will continue discussing how to fully collect the Russian aid "fund." In view of the fact that most of the G-7 countries have their own economic difficulties and that they have divergent views on the "fund," the "fund," which would be \$4 billion according to the original U.S. proposal, will be reduced to \$1.5 billion, of which \$1 billion will be provided by such international monetary organizations as the IMF and the World Bank, while the G-7 will shoulder a mere \$500 million.

The press here hold that it is very difficult for this summit to make progress on the issues of trade and aiding Russia. A senior U.S. official said: The G-7 countries worry that the summit will not achieve anything on trade, so they have already prepared a "political declaration," hoping that they can reach a consensus on the issues of Bosnia-Herzegovina, Iraq, and UN reform so as to achieve more results at this summit. The press also noticed that this summit is held when Japan, the host, is undergoing a violent shock to its political circles and when great changes of political power have taken place in Canada, France, and Italy. This undoubtedly lowers people's expectations of this summit.

Daily on U.S. Capability

HK1007064193 Beijing GUANGMING RIBAO in Chinese
6 Jul 93 p 7

[Article from the "Focus" column by Zhang Zhiping (1728 3112 1627): "Can the United States Remain Chief of the Dragons?"]

[Text] The annual summit of seven Western nations will open in Tokyo soon. Among the several developed countries in the world, the United States is the "big brother" in terms of economic and military forces as well as political and historical influence. No country but the United States can be chief of the dragons.

The circumstances have changed with the passage of time in this ever-changing world, however. It is difficult to act as the "chief of the dragons" in this multipolar world in which the dragons are contending for supremacy. Why?

First, these dragons no longer follow U.S. orders. As the No. 1 creditor country, Japan is financially strong and possesses overseas investments of \$513.6 billion. The president of Sony Corporation has written a book entitled *A Japan Which Dares to Say "No."* The Japanese are becoming more and more confident and fearless, thinking that "they should stand on an equal footing with the United States on every issue."

In recent years Japan has become less reliant on the U.S. market and has switched its trade focus to Asia. The Americans have fewer levers, and Japan has more room for choices. Following the end of the cold war, the practical value of the Japanese-U.S. security protection system has comparatively diminished. Therefore, when the United States pressed Japan to change its economic policy, Numazawa, president of the Japan Federation of Economic Groups, replied unceremoniously: "The Americans have miscalculated; those who have done worse than we have are the ones who should change."

As the No. 2 creditor country, Germany possesses overseas investments of \$333.9 billion. It is also beginning to put on some "hegemonic airs." It is practicing hard and soft tactics against the U.S. demand for a reduction in German interest rates. France, whose economic strength is relatively weak, frequently makes ironic remarks about the United States. French Prime Minister Balladur recently made the following threat: "If the United States does not remove its sanctions on French steel imports, it will be impossible for the Tokyo summit to reach any agreement."

No long ago, in all seriousness and sincerity, Clinton expressed his readiness to give arms to Bosnia and send planes to bombard the Serb-controlled region, but, when the Europeans expressed disagreement, he had no choice but to drop the idea. This indicates that the "days when the United States could order other countries to act unanimously are gone once and for all."

Second, this chief of dragons finds it difficult to protect itself and is eager to free itself from its predicament. In 1983, the United States was the biggest creditor country in the world. Ten years have passed, and it has become the No. 1 debtor country in the world. Due to its economic recession, the United States can no longer fulfill its international responsibilities; recently the United States formally announced that it will close 92 military bases abroad.

In the new historical conditions, the readjustment of interests between countries is primarily manifesting itself

in the economic and technological fields, not in the military field. For this reason, U.S. military superiority has gradually become less important.

Since Clinton entered the White House, people in U.S. political circles have continued to appraise U.S. foreign policy. Some people have said: "The United States has played the role of a superpower since 1945. This wastes money, involves risks, and seems no longer to be necessary." U.S. Under Secretary of State Tarnoff put it even more bluntly: "Because of our limited financial and material resources, we cannot consider it vital for the United States to continue to lead the world as in the past." Although Tarnoff's theory evoked a debate, it revealed the essence of Clinton's doctrine: National interests should be measured first from the economic angle. Because the U.S. political and economic position cannot be compared with that of the past, future international stability can only be ensured through multilateral international cooperation; there is no need for the United States to do it alone. Everything can be tolerated as long as it does not contradict U.S. interests in order to enable the United States to free itself from its excessively heavy debts and concentrate its national strength on economic development.

'Knotty Problems' Seen

HK0907140593 Hong Kong WEN WEI PO in Chinese
7 Jul 93 p 4

["Special dispatch from Japan" by Yu Ming-shan (0060 2494 1472), Tokyo-based WEN WEI PO special correspondent: "The G-7 Summit Is Shrouded In a Haze"]

[Text] Tokyo, 6 Jul (WEN WEI PO)—The 19th G-7 summit will be held in Tokyo on 7 July. Most of the heads of government attending the meeting have arrived in Tokyo one after another today. To ensure the safety of the VIP's, the Japanese police authorities have deployed 36,000 security police. They set up police checkpoints along the roads and questioned people. This naturally brings a lot of inconvenience to many people, but it is worth it if the summit is really fruitful.

Some Knotty Problems

From the bottom of their hearts, the seven heads of government hope the summit will be a success, but this is easier said than done. Viewed from the issues facing the summit, none is easy to solve. First, the question of coordinating macroeconomic policies. At the moment, none of the countries is in good shape economically, and the unemployment problem is serious. In the ordinary course of events, the primary aim of the summit is to coordinate economic policies. However, because all countries have their own difficulties and plans, they are quite incapable of coordinating in terms of economic, financial, and monetary policies. The only thing they can pitch into is to force Japan, the only power with a surplus, to further expand its domestic demand, open up its markets, and do something in terms of financial and monetary policies.

Second, the Uruguay round of talks. To close the rifts among various countries on uneven interests, the success of the Uruguay round could be a very useful prescription.

But, at the previous three summits, although it was asserted in the economic declaration each time that agreement would be reached by the end of the year, it eventually became a hollow slogan. Attempts were made to reach an agreement at the four-party trade conference at the end of June, but the meeting broke up in discord due to a conflict of interests between Europe, the United States, and Japan. This evening, the trade ministers of the four parties will hold another meeting in a final preparation for the summit.

Third, the issue of economic aid to Russia. At the emergency foreign ministers meeting in Tokyo last April, the G-7 promised Russia over \$40 billion in economic aid. The current summit will reach an agreement on the privatization fund. However, as the Western countries have been unable even to fend for themselves, the issue of economic aid to Russia will be coordinated among various countries according to their economic policies. Consequently, Yeltsin will not be able to get too much this time. Moreover, a host of issues, such as regional conflicts, the strengthening of the UN role, and nonproliferation, are all difficult to solve.

All Seven Countries Have Their Own Difficulties

Since there are so many problems needing to be solved, the heads of government have ample scope for their abilities. Unfortunately, however, they are completely occupied with domestic political and economic problems, their governments are unstable, and their popularities have dropped.

French President Francois Mitterrand, who has attended 12 summit meetings, is not only faced with numerous difficulties, his real power has also passed to the conservative cabinet. This makes it hard for him to vigorously display his diplomatic skill as he did before. Domestically, German Chancellor Helmut Kohl's government is also beset with crises, such as the atrocities of the ultraright forces and the heavy price being paid for the unification of East and West Germany. British Prime Minister John Major feels most restless. He faces his most serious crisis since coming to power: What with the continued economic slump and the constantly high unemployment rate, his popularity has dropped to the lowest level among all prime ministers since World War II. Having his hands full of domestic problems, John Major is most indifferent toward the summit, and he has even suggested that the summit be held once every two years.

Although he will attend the summit for the first time, U.S. President Bill Clinton will attract most attention. The huge budget deficit and the increase in unemployment have reduced his popularity to 37 percent, also the lowest among post-war presidents. For this reason, Clinton wants to take the Tokyo summit as an important diplomatic arena to recover lost ground by leading other developed countries in forcing Japan to make concessions. Italian Prime Minister Ciampi and Canadian Prime Minister Campbell will also attend the summit for the first time, and their capabilities should not be overestimated.

Japan Can Hardly Serve as a Host Nation

Given a general slump in the world economy, only Japan has a huge trade surplus, to the tune of \$160 billion annually. It can be imagined that European and American countries will unite in forcing Japan to make concessions. Japan is the only Asian country attending the G-7 summit, which is held in Japan once every seven years. For this reason, Japan hopes and is confident that it can hold the summit successfully. Prime Minister Kiichi Miyazawa even wants to take the successful convocation of the summit as capital to go on serving as president of the Liberal Democratic Party (LDP). Unexpectedly, however, the sudden change in Japan's political situation and the split in the LDP has practically turned the Miyazawa cabinet into a "caretaker" cabinet. European and American countries have hinted one after another that they will not expect too much from Miyazawa. Moreover, the Socialist Party and other opposition parties have also spread the news about their intention to pin him down. They want Prime Minister Miyazawa to see clearly the reality that his cabinet only exists in name, and so refrain from making any clumsy commitments.

Faced with strong pressures from Europe and the United States, Japan will probably make some concessions.

An Ill Omen for the Summit

After arriving in Tokyo this afternoon, Clinton immediately held talks with Miyazawa. The talks centered around Japan-U.S. economic relations, Japan-U.S. security arrangements, the Uruguay round, and so on. However, due to the huge financial deficit and increased unemployment, Clinton concentrated on asking Japan to expand domestic demand, open up its market, and eliminate the imbalance in U.S.-Japan trade. He also suggested setting up an organ for new Japan-U.S. economic agreements and working out numerical targets for economic growth rate, regular income and recurrent expenditure, and a reduced trade surplus. At first, Japan was firmly opposed to this, saying that the formulation of numerical targets will only lead to trade protectionism. But, out of consideration of its likely effect on the summit, Miyazawa made a concession by suggesting the establishment of an "objective index" based on past figures. As Clinton refused to make concessions, the two parties broke up in discord, but they indicated that talks would be held to discuss practical problems.

The G-7 summit will be officially held tomorrow, but failure to reach any agreement in the Japan-U.S. summit is obviously an ill omen.

G-7 Faces 'Turning Point'

HK0907122093 Hong Kong TA KUNG PAO in Chinese
7 Jul 93 p 2

[Editorial: "The G-7 Summit Faces a Turning Point"]

[Text] The 19th summit of advanced nations is scheduled for this afternoon in Tokyo. The central topics at the three-day G-7 summit are "how to restore the world economy" and prevent nuclear proliferation. The heads of

the seven nations will meet Russian President Boris Yeltsin on the afternoon of 9 July to exchange ideas with him on the issue of Western aid to Russia. Therefore, this summit, like the previous one in London, is a "seven plus one" summit.

Undeniably, the leaders of the seven countries gathering in Tokyo this time are facing big domestic problems of their own. The Miyazawa cabinet, as the host of the summit, is in fact a cabinet only to manage the elections, and the United States and other countries have already shifted their political attention to the next government of Japan. Japanese newspapers cannot help saying that the Tokyo summit is in fact a summit participating in the funeral service for the Miyazawa cabinet, expressing doubts on the role of the Miyazawa cabinet at the summit.

However, it cannot be denied that as the fourth summit since the conclusion of the Cold War, the Tokyo summit is still an important occasion if it has to seek ways to restore the world economy and to establish a new political and economic order in the international community.

During the Cold War period the advanced Western countries could still maintain a superficial unity in light of the "Soviet threat" and the need to "resist the Soviet Union." However, since the end of the Cold War, the threat in the area of security no longer exists, and the conflicts among advanced countries have become apparent in the stagnant economic condition which is characterized by difficulties such as "low growth rate, high unemployment rate," and their conflicts of interests can be seen more clearly. At the same time, the United States, which used to play a leadership role in the world, has experienced declining prestige, and various countries no longer follow its lead.

Bill Clinton, who will be attending the G-7 summit for the first time, has given priority to economic revitalization and reforms at home. His policies will be tested by grim reality in due course. Recently, he ordered a missile attack against Baghdad, and although he received 60 percent support at home, 50 percent said they worried about revenge on the United States by terrorists.

French President Francois Mitterrand, who has attended the summit 13 times, and German Chancellor Helmut Kohl, who has attended 11 times, are faced with many new difficulties such as economic stagnation at home, high unemployment rates, influxes of illegal immigrants, racial violence, rising neo-Nazism, and so on. Carlo Ciampi, the new Italian prime minister, is facing the responsibility for scandals involving corrupt officials at home. Prime Minister John Major has the lowest support rating for a prime minister since the war. Facts prove that following the end of the Cold War, the world is not peaceful, and new conflicts are emerging. The economic gap between the countries of the North and the countries of the South is widening, environmental pollution of the Earth is intensifying, and due to poverty and unfairness, the fundamentalist forces in the Islamic world are rising and tending to resort to terrorism and violence. The problem of peace in the Middle East has not been settled. The warlords in Somalia have not been removed, and the people there are

living in dire poverty. New destabilizing factors have recently emerged in the Balkans.

Even if the United States has great power, obviously it can no longer serve as a "world policeman," let alone the fact that its national strength is not as great as it was before.

Since the disintegration of the Soviet Union, the seven Western countries have convened many political and economic meetings, but due to their own difficulties and selfishness, they could not reach any consensus, and up to now they have failed to solve either the economic difficulties in Russia and the CIS, or the problem of bloodshed and civil war in the former Yugoslavia.

The Tokyo summit is about to be held, and Indonesian President Suharto visited Japan recently and openly urged the summit to pay attention first to the central topic following the Cold War, that is, the problem of economic development. He said that the advanced countries should help the developing countries, and that "South-South cooperation" is equally important, that so long as North and South can become cooperative partners on an equal footing, it will be helpful to the economic development of the whole world. He urged North and South to realize constructive dialogue, settle foreign debts, and reach consensus on carrying out new multilateral GATT talks. Suharto indeed represented the voice of a majority of developing countries.

China has always advocated that the various countries should establish a post-Cold War international political and economic new order on the premise of the five international principles, such as peaceful coexistence, equality, and reciprocity. China has been implementing reform, opening up, and an independent foreign policy of peace for more than 10 years, winning praise around the world. China hopes that the summit of the advanced Western countries can set store by world peace and North-South cooperation. In developing the world economy, the West should refrain from using economic aid to impose political conditions on other countries. Any action of the United Nations should be based on the will of the majority of member countries.

In fact, many countries are dissatisfied with the growing tendency of bureaucracy, formalism, and emptiness of the political documents of the G-7 summits. The G-7 summits have actually reached a turning point. Should they really safeguard world peace, and develop North-South cooperation so as to settle some basic conflicts in the world, or jostle each other for private interests? If the Tokyo summit is one which still discusses topics without reaching any decision, then it cannot avoid once more letting down the people of the world.

Reportage on Results of G-7 Summit in Tokyo

'Analysis' on President Clinton

OW1107061493 Beijing XINHUA Domestic Service in Chinese 0820 GMT 9 Jul 93

["News Analysis" by reporter Wang Nan (3769 2809): "Clinton's Original Intention"]

[Text] Washington, 9 Jul (XINHUA)—U.S. President Bill Clinton was quite upbeat at the time of his departure from Tokyo, and it had something to do with his performance during the Group of Seven [G-7] summit. This is the initial impression among observers here.

On the first day of the summit, it was reported that a "breakthrough"—as described by the United States—was made in the multilateral trade talks sponsored by the GATT. This refers to agreement reached by the U.S., Japan, Europe, and Canada on reducing or eliminating the tariffs for 18 categories of manufactured goods, a crucial step toward the ultimate signing of a market access agreement and the concluding of the Uruguay Round of trade talks by the end of this year. At the news conference held after the first day of the summit, Clinton said: "The breakthrough is good news for America and good news for the world. It means more jobs and higher incomes for our people."

However, even U.S. Trade Representative Mickey Kantor admitted that the market access agreement reached by the four parties was only a "preliminary" accord and it takes time for the accord to be accepted by the other over 100 GATT signatories. Kantor said that tough negotiations lie ahead and no progress has yet been made in negotiations on agricultural products and service and on improving global trade rules. Not long ago, France and others took a tougher stand on the question of lowering farm subsidies after the United States imposed punitive duties on imported steel. Observers pointed out that there is no guarantee that the Uruguay Round will successfully conclude this year.

Another achievement the United States believes it has made was the approval of loans by the seven countries to help Russia accelerate the pace of privatizing its businesses. Last April, President Clinton proposed that the seven countries and the World Bank, as well as other international lenders, provide \$4 billion dollars of loans and grants to Russia, with a substantial proportion of the aid in grants. However, in the final agreement reached at the Tokyo summit, the aid package was slashed to \$3 billion, although it will be delivered in one and a half years. Observers here pointed out that the United States was satisfied with the results, although it deemed that the \$500 million dollar grant was too small. Clinton called the \$3 billion dollar economic aid to Russia "the single most important foreign-policy victory" that the Western countries have scored in the summit and a U.S. "victory." However, U.S. Treasury Secretary Lloyd Bentsen privately said that the loan can be used only as the startup cost of Russia's privatization drive and will not fundamentally resolve Russia's immediate difficulties.

In stimulating global economic growth, the United States scored only limited success. The communique praised the Clinton administration's "long, sustained" efforts in reducing the budget deficit. It says, "Europe was committed to ensure that conditions for rapid reductions in interest rates be created" and demands Japan adopt the "necessary fiscal and monetary measures to strive to greatly reduce" its trade surplus. American officials said

that in this regard, the spirit of the communique reflects Washington's voice. However, before the Tokyo summit, the United States originally planned to propose that the seven economies raise their growth rate to 3 percent in a short time. It looks like the proposal might not have been considered by the participating countries, let alone accepted. This could not be but a disappointment to the United States. The communique statement that Japan and Europe will adopt appropriate economic stimulus policies in the next several months was regarded as a compromise of the U.S. proposal.

The negotiations on a new framework for trade between the United States and Japan, which paralleled the Tokyo summit, produced an agreement several hours before Clinton's departure, and this has surprised many people, including American officials. Accomplishing this bilateral trade talk, which had dragged on for quite a long time and had twice broken down, was considered an important goal of President Clinton's trip to Tokyo while narrowing the growing U.S.-Japan trade imbalance was an essential element of the Clinton administration's foreign trade policy. In the negotiations, the United States proposed to establish specific "numerical targets" in some areas of bilateral trade and demanded that Japan increase the proportion of its foreign trade in its GNP and the ratio of its imports in the domestic market. This agreement reached at the last minute opened a path for future U.S.-Japan trade. Observers believe that the United States will try to increase its export to the Asia-Pacific region on the basis of this agreement.

After the Tokyo summit, trade frictions and conflicts in security interests and other areas will continue to exist between Western countries. As President Clinton said at the news conference held after the summit: "We have a long way to go to restore growth to the world economy, but we made a serious start."

Yeltsin on "Trade Barriers"

OW0907213393 Beijing XINHUA in English 1343
GMT 9 Jul 93

[Text] Tokyo, July 9 (XINHUA)—Russian President Boris Yeltsin said here today that he would visit Japan in October and urged Western countries to remove their trade barriers to Russian goods.

Speaking at a joint press conference with Japanese Prime Minister Kiichi Miyazawa shortly after "the Group of Seven (G-7) plus one" talks, Yeltsin said this time he did not have a lot of time talking about the territorial matters with Miyazawa.

"This will be dealt with on the occasion of my official visit to Japan, possibly in the middle of October," said the Russian president, who came here Thursday [8 July] for talks with leaders of the G-7 industrialized nations in the wake of their annual economic summit.

Japan has long been demanding that Russia return to Japan four small islands off Hokkaido, northern Japan. The islands were seized by the former Soviet Red Army in the closing days of World War II.

The territorial dispute thus has always been the major obstacle to the normalization of ties between the two countries.

President Yeltsin also said he urged the G-7 nations to do their best to reduce their trade barriers "that are discriminatory attitude toward Russia."

"We cannot agree to discriminatory attitude," the president stressed.

He said he would discuss Russian-U.S. relations and financial issues with U.S. President Bill Clinton Saturday morning.

Clinton led off the political discussion at the G-7 plus one session this afternoon and expressed the hope that Russia play a more constructive and responsible role in the international community, Miyazawa said at the press conference without elaboration.

The Japanese prime minister said during the talks this afternoon, the G-7 leaders reaffirmed their continued support for political, economic, and diplomatic reforms in Russia.

The leaders said they would continue to support the self-help efforts of Russia, and stressed the importance of the continuation of Russia's reform, according to Miyazawa.

"We very much hope the Government of Russia will take further concrete measures to control inflation and cut budget deficit," Miyazawa told reporters.

He said the G-7 leaders also confirmed that it is necessary to encourage the private sector to go to Russia and share the methods and technology in order to improve Russia's productivity.

The G-7 leaders also noted that improved market access for Russian products to international market would contribute to the reform in Russia and they intend to cooperate with Russia for its GATT (General Agreement on Tariffs and Trade) membership, Miyazawa said.

'News Analysis' on Summit

OW0907165593 Beijing XINHUA in English 1545
GMT 9 Jul 93

[Unattributed "News Analysis" feature: "Any Substantial Achievements at Tokyo Summit?"]

[Text] Tokyo, July 9 (XINHUA)—Leaders of the Group of Seven (G-7) major industrialized nations wound up their annual summit meeting today with more progress than many observers predicted, but without producing any significant resolutions of global political and economic problems.

Those who had expected more from the three-day gathering of the leaders from the world's richest nations viewed the summit as something close to a failure, although Japanese Prime Minister Kiichi Miyazawa, its chairman, told a press conference that a "great achievement" was made through every participant's efforts.

Miyazawa said "it goes without saying" that an agreement on market access reached at the summit will serve as a springboard toward concluding the Uruguay Round of trade talks under the General Agreement on Tariffs and Trade (GATT) by the end of this year.

Miyazawa's words echoed those of U.S. Trade Representative Mickey Kantor, who, after the pact was signed Tuesday [6 July], called it an "impressive breakthrough" on the way to achieving a broader GATT treaty.

The agreement among Canada, Japan, the United States, and the 12-nation European Community (EC), which includes G-7 members Britain, France, Germany and Italy, provides for tariff cuts and the elimination of non-tariff barriers to imports of industrial goods.

However, the four parties failed to agree to tariff cuts in such contentious areas as agriculture and services, which are seen as crucial to a successful conclusion of the Uruguay Round. This leaves steeper hurdles for the four parties to surmount.

The G-7 also succeeded in putting together a three billion U.S. dollar fund to support privatization of Russia's large state-run companies.

The fund was one billion more than proposed by U.S. officials last week, but it still fell short of Washington's initial and more ambitious proposal of four billion dollars.

The G-7 session ended with the adoption of a routine economic declaration which urges nations to adopt coordinated policies in fighting against slow growth and rising unemployment, the main headaches for their economies.

"More than 23 million people are unemployed in our countries," the G-7 leaders said in a six-page communique, titled "A Strengthened Commitment to Jobs and Growth." "That is unacceptable."

However, instead of proposing clear steps to tide over current hardships, they settled for vaguer language that only set forth broad policy goals. European countries promised to take budgetary measures to cut interest rates, and the United States pledged to further reduce its medium-term fiscal deficit, raise the level of domestic savings and investment, and lower long-term interest rates.

On Thursday, the G-7 leaders also issued a political statement that disclosed a sense of powerlessness that is prevailing among its leaders in the post-Cold War world. It broke little new ground on the conflicts in former Yugoslavia and took a weaker stand than previously on extending a key nuclear control treaty.

One political analyst, Kenichi Ohmae, said here that the G-7 countries avoided discussions on such pressing issues as how the U.S. and Japan can best cooperate to help Europe resolve its soaring unemployment and its crushing burden of social costs, and how to help developing countries become more fully integrated with the global economy without creating bitter internal economic divisions.

It appears that the G-7 countries stopped short of mapping out significant global economic solutions partly because they are preoccupied by their own domestic problems. Japan, although it promised to trim its swelling trade surplus by implementing measures to stimulate economic growth and domestic demand, is faced with unprecedented political uncertainty.

A general election of legislators in the decisive House of Representatives is scheduled for July 18, and after 38 years of uninterrupted rule, the ruling Liberal Democratic Party, headed by Miyazawa, is in danger of losing its simple majority.

The Japanese do not stand alone in this regard. All of the G-7 leaders face unstable domestic situations exacerbated by stagnant economies and uncertainty about the future.

Recent domestic polls showed that both U.S. President Bill Clinton and British Prime Minister John Major are suffering record low rates of approval from voters.

French President Francois Mitterrand lost much of his domestic political clout as his Socialist Party suffered a crushing defeat in the National Assembly election in March.

German Chancellor Helmut Kohl is beset by many serious domestic problems, including a recession, attacks by ultrarightists on foreigners, the financial burden of unification, and the problem of immigrants.

Italian Prime Minister Carlo Ciampi, who took office last April, faces a corrupt politics at home, while Canadian Premier Kim Campbell, who assumed power last month, also has her own domestic woes.

Disturbed at home by plunging popularity, pronounced economic slowdown and record-high unemployment, the leaders came here in the hope of gaining more and concede less at the summit, and of resolving global political and economic problems.

But now the summit is over and people are wondering if they are coming home with anything substantial.

'Analysis' on U.S. Performance

OW0907201893 Beijing XINHUA in English 2003
GMT 9 Jul 93

["News Analysis" by Wang Nan: "For U.S., 'More Energy and Zip' at G-7 Summit"]

[Text] Washington, July 9 (XINHUA)—First, the breakthrough on market access. Then, real and quick aid to Russia. Finally, the consensus for job growth.

"There was more energy and more zip in (the summit) than I thought there would be," claimed U.S. President Bill Clinton after the summit ended in Tokyo.

Washington held high hopes for the summit of the Group of Seven [G-7] nations. Its hope almost went up in smoke on the eve of the meeting when all sides disagreed with America.

The discord could be found almost everywhere, from trade to aid, from growth targets to deficit reduction, and from tariffs to interest rates.

For Clinton, whose joining of the premium club of Western capitalism is but his first trip abroad, a will to show America's leadership is not unfounded.

That is why the President and his men were desperate for good news at the summit, which also groups leaders from Japan, Canada, Germany, Britain, Italy and France.

At the end of the first day talks, Clinton hastily called a press conference, pronouncing the breakthrough on market access, the core for the long-stalled global trade talks sponsored by the General Agreement of Tariffs and Trade (GATT).

"The breakthrough...is good news for America and good news for the world," Clinton claimed. "It means more jobs and higher incomes for our people."

Clinton said that G-7 leaders emerged from past summits pledging renewed commitment, but "their pledges have gone unfulfilled."

"This year," the President said, "We have recaptured the momentum."

The deal means tariff cuts or elimination for 18 categories of manufactured goods, from steel, drugs, chemicals, to electronics and farm equipment.

As other nations have higher tariffs than America, U.S. officials said, Washington will benefit from the deal by increasing exports and adding jobs at home.

The second day came the aid to Russia. Clinton's proposed G-7 aid to fund Russia's privatization drive, at 4 billion dollars, was slashed by one fourth to 3 billion dollars.

But the nations promised quick delivery of the loan, of which only 500 million dollars are grants, the proportion is lower than what the U.S. expected. [sentence as received]

Clinton, however, was quick to claim victory, calling it "the single most important foreign-policy initiative that the Group of Seven members were undertaking."

The loan, to be released within 18 months, includes one billion export credit, one billion from the World Bank and European Bank of Reconstruction and Development. Washington contributes 375 million dollars.

"I think based on where we were five or six weeks ago, this is a real success," Clinton said. "It's also very good for Americans. I mean, there's a lot of businesses to be done in Russia by Americans."

On the third day, it was jobs and economic growth.

In its economic communique, America's "long overdue" efforts to reduce its deficit was praised. Japan agreed to adopt "necessary fiscal and monetary measures" to reduce its trade surplus. Europe was committed to "ensure that conditions for rapid reductions in interest rates be created."

That is what the U.S. had hoped for prior to the summit. The President said he felt upbeat.

In addition, the U.S. proposal for a jobs summit this fall was accepted by other G-7 members. The summit, first of its kind, is to be held at Camp David, not far from the U.S. capital.

That's all? No.

The market access deal is just a preliminary agreement, subject to further changes and waiting for the joining of the more than 100 GATT members.

Tariff cuts, crucial for the GATT talks, are not what all GATT is about. Tougher issues ahead: Getting a service agreement and a farm deal, and rewriting the rules of trade.

These negotiations run the risk of collapse, given the strong opposition to restrictions on farm subsidies by France.

"Now, we have a lot of work to be done," admitted U.S. Trade Representative Mickey Kantor. "We have tough issues. We have months of bargaining and negotiation to go."

After the summit, Clinton stayed in Tokyo for several more hours. With a dinner with Japanese Prime Minister Kiichi Miyazawa, he hoped to settle the negotiations on a new framework for trade between the two countries.

The talk over their trade, in the form of 49 billion U.S. dollars of trade deficit on the U.S. side, got deadlocked several times and is not an easy issue that can be solved over sushi, observers said.

"I think we do have a chance to get an agreement," Clinton remained optimistic.

The sluggish pace left the possibility that Clinton could return from Asia next week with no clear progress toward one of his key economic goals: Reducing Japanese trade surplus with his country.

Washington earlier put forward a three percent target for the combined growth rate of G-7 nations. The proposal drew fire from its allies, and Washington backed down.

There is no mention of the target in the final communique, reflecting the unpopularity of the U.S. idea.

On Bosnia, the U.S. wanted to end arms embargo to the Muslim government in Bosnia, but with Europe's opposition to military intervention and rearming the Bosnian Government, Washington's voice could be found nowhere.

The U.S. media still claimed Clinton a star in Tokyo. He merged with Japanese on streets, watched baseball, and visited the family whose teenage son was killed last month in America.

In Tokyo, he made a radio address to his countrymen, saying he was in touch with the Midwest Americans who were suffering the ever serious flood in a century.

His idea to reform the future G-7 summit, to make it more flexible with focus on one major issue, seemed to be accepted, and warmly.

Today's America has its edge. Given the worldwide recession, in Europe and Japan in particular, American economy appears to be quite a rosy picture.

Despite all the disputes on trade and others, analysts say, the major industrialized nations are still willing to work together for their common problems.

At this time, they say, Washington has a role to play, and it might be a role of leadership. Clinton seems to be faring quite well in Tokyo, and for sure.

"We have a long way to go to restore growth to the world economy, but we made a serious start," Clinton said at a concluding press conference.

More serious tests are waiting for him back home, and they are never easy.

U.S., Japan on Trade Talks

OW1007111393 Beijing XINHUA in English 0651
GMT 10 Jul 93

[Text] Tokyo, July 10 (XINHUA)—The United States and Japan have agreed on a new framework for trade talks designed to correct the huge trade imbalance between them.

The trade accord was worked out after heated bargaining sessions throughout the night and was announced by U.S. President Bill Clinton and Japanese Prime Minister Kiichi Miyazawa here today shortly before Clinton wound up his visit to Tokyo.

The accord is designed to set an agenda for bilateral negotiations for restoring a balance in the trade relations between Washington and Tokyo.

The pact contains a set of non-obligatory indicators to gauge progress in cutting Japan's 50 billion dollar trade surplus with the United States, Japanese officials said.

They said the indicators would cover improvements in foreign access to the Japanese markets, market deregulations, government procurements of foreign products, and foreign investment in Japan.

Telecommunications products, satellites, medical equipment, financial services and insurance are also covered in the framework agreement.

Speaking at a joint press conference, Miyazawa and Clinton said the framework would check on progress regularly instead of setting numerical goals.

The United States had been pressing Japan to set numerical targets for reducing its trade surplus, a demand that Japan firmly rejected.

Clinton also said the agreement includes a "basic bargain" aimed at significant reduction of the U.S. fiscal deficit as well as enhancing the nation's competitiveness.

Japan, for its part, will work on a "highly significant" reduction of its trade surplus, the President stressed.

Stressing that the new agreement is intended to bring about "tangible results," Clinton said that "these results-oriented agreements can create bigger markets for key U.S. industries."

Miyazawa told reporters that he wanted Washington to reduce its stubborn federal budget deficit to help narrow the bilateral trade gap.

He also said that with the framework in place, the two countries will prepare progress reports to be presented to Japan-U.S. summits that will be held twice a year.

Clinton came here Wednesday [7 July] for the three-day economic summit of the Group of Seven industrialized nations.

President Clinton Leaves Japan, Arrives in ROK

OW1007111993 Beijing XINHUA in English 0637
GMT 10 Jul 93

[Text] Seoul, July 10 (XINHUA)—President of the United States Bill Clinton arrived here from Tokyo Saturday [10 July] afternoon for a two-day working visit, during which he will have summit talks with his South Korean counterpart Kim Yong-sam.

The Seoul-Washington summit will be the first between the heads of state of the two countries, both of whom were inaugurated early this year.

The talks, which are to take place shortly after Clinton's arrival, are expected to cover a wide-range of issues, including economic and trade ties, Pyongyang's nuclear problem and bilateral and multilateral security systems in Asia and the Pacific.

The two Presidents will first have exclusive talks which will be followed by an expanded meeting attended by their top aides. The talks are expected to last about one hour and 20 minutes.

Both sides will discuss the issue of having the Democratic People's Republic of Korea (DPRK) return to the Nuclear Non-Proliferation Treaty (NPT) and accept the inspections of its nuclear facilities by the International Atomic Energy Agency (IAEA).

The DPRK, which is suspected by a number of countries of developing nuclear weapons, announced earlier this year its intention to quit the NPT on June 12, but suspended the decision pending talks with the United States.

Diplomatic sources here said that the question of dissolving the suspicion about Pyongyang's nuclear arms development through inter-Korean nuclear inspections will also be taken up during the talks.

Other topics will include Clinton's proposal for holding a summit of the 15-member Asia-Pacific Economic Cooperation (APEC).

Later in the day, President Clinton will visit the South Korean National Assembly and deliver a speech mainly on his country's new Asia policy.

In his speech, Clinton is expected to reaffirm the importance of firm security cooperation between Washington and Seoul not only for stability on the Korean peninsula but also for promoting a permanent peace formula in Northeast Asia, officials here said.

On Saturday evening, President and Mrs. Kim will host a banquet in honor of President and Mrs. Clinton at the presidential house.

The two Presidents are scheduled to enjoy a morning jogging together in the precincts of the presidential house Sunday morning, which will be followed by a working breakfast.

The two countries are to have separate foreign and defense ministers meetings on Sunday to discuss detailed issues pending between the two allies.

President Clinton will wind up his visit Sunday afternoon after meeting American Embassy staff and businessmen and touring American military installations in the forward area in South Korea.

Holds News Conference

OW1007103693 Beijing XINHUA in English 0939
GMT 10 Jul 93

[Text] Seoul, July 10 (XINHUA)—South Korea and the United States have agreed that the nuclear issue of the Democratic People's Republic of Korea (DPRK) should be solved early through effective inspections of nuclear facilities.

The agreement was reached at summit talks between South Korean President Kim Yong-sam and his U.S. counterpart Bill Clinton here Saturday [10 July].

Clinton arrived here Saturday afternoon for a two-day official working visit to South Korea after attending the summit of the seven Western industrialized nations in Tokyo.

Speaking at a joint press conference with President Clinton after the summit, Kim said he and Clinton shared the view that the DPRK should remain in the Nuclear Non-Proliferation Treaty (NPT) and faithfully fulfil the NPT obligations by allowing the International Atomic Energy Agency (IAEA) to inspect its nuclear facilities.

The DPRK, which opposes inspections by the IAEA of its two military sites, announced earlier this year its intention to leave the NPT on June 12, but suspended the decision pending talks with the United States.

"President Clinton and I have discussed the nuclear issue in depth and agreed that the question constitutes a serious threat undermining the stability in Northeast Asia and the whole world," Kim said.

He noted that Clinton renewed his country's firm security commitment to Seoul and made it clear that there will be no further reduction in the U.S. military strength in South Korea until suspicion over the DPRK's nuclear arms development is completely cleared away.

Clinton said that the U.S. and South Korea have been quite cautious about the DPRK regarding its nuclear issue.

"But, we are willing to test that country's willingness to take the path of cooperation in the context of a full resolution of the nuclear issue," he noted.

Turning to bilateral relations, President Kim said that he and Clinton decided to set up a Korea-U.S. economic cooperation dialogue channel as a new economic consultative organization.

He said that the new organ is designed to better facilitate the future-oriented economic partnership of the two countries.

President Clinton said he and Kim agreed that the two countries should work together to strengthen the bilateral economic partnership.

"To this end, we will initiate a broad-based dialogue to address economic deregulation and explore ways to enhance our economic cooperation," Clinton said.

U.S., ROK on Umbrella Group

OW1107074993 Beijing XINHUA in English 0652
GMT 11 Jul 93

[Text] Seoul, July 11 (XINHUA)—The United States President Bill Clinton and the South Korean President Kim Yong-sam Sunday [11 July] said the two countries would set up an umbrella group to protect the interests of the businesses of the two countries in their economic exchanges.

The Korean news agency OANA YONHAP quoted the two Presidents as saying in an announcement today that they would instruct their delegates to conduct "a bold new dialogue for economic cooperation."

An umbrella group, to be chaired by an assistant foreign minister of South Korea and an assistant secretary of state of the United States, will be established and begin to work in August.

The group is charged with reviewing and seeking ways to prevent "deregulations" which would harm the economic relations between the United States and South Korea, said YONHAP.

It will also submit a yearly report to the two governments on economic relations between the two countries.

Clinton arrived in Seoul Saturday after attending the G-7 [Group of Seven] summit in Tokyo last week.

According to another report by YONHAP, Clinton is scheduled to visit the U.S. military personnel stationed in Panmunjom on the Demilitarized Zone dividing the Korean peninsula, which was created following the 1950-1953 Korean war.

U.S. Pledges Military Support

OW1107074893 Beijing XINHUA in English 0714
GMT 11 Jul 93

[Text] Seoul, July 11 (XINHUA)—The United States Defense Secretary Les Aspin said here today that the Pentagon would continue to provide "reliable" military protection to South Korea.

The South Korean news agency YONHAP said that Aspin made the statement during a meeting today with the South Korean Defense Minister Kwon Yong-hae and Gary Luck, the commander of the U.S. armed forces in South Korea.

Aspin told Kwon that the United States is developing a "win-win strategy, in which the United States would fight two wars and win simultaneously," said the YONHAP report.

Aspin, who is accompanying U.S. President Bill Clinton on an official visit to Seoul, also said that the United States "puts very high priority to the defense of South Korea."

President Clinton Leaves ROK

OW1107161893 Beijing XINHUA in English 1504
GMT 11 Jul 93

[Text] Seoul, July 11 (XINHUA)—President of the United States Bill Clinton left here for home Sunday [11 July] evening after concluding his two-day official working visit to South Korea.

During his stay here, Clinton held summit talks with his South Korean counterpart Kim Yong-sam. Their talks covered a wide-range of issues, including economic and trade ties, Pyongyang's nuclear problem and bilateral and multilateral security systems in Asia and the Pacific.

The Seoul-Washington summit was the first between the two countries. Both presidents were inaugurated early this year.

Clinton and Kim shared the view that the Democratic People's Republic of Korea (DPRK) should remain in the Nuclear Non-Proliferation Treaty (NPT) and faithfully fulfil the NPT obligations by allowing the International Atomic Energy Agency (IAEA) to inspect the nuclear facilities.

The DPRK announced earlier this year its intention to quit the NPT on June 12, but suspended the decision pending talks with the United States.

Clinton pledged that there will be no further reduction in the U.S. military strength in South Korea until "suspicion over the DPRK's nuclear arms development is completely cleared away."

At present about 37,000 U.S. troops are stationed in South Korea.

On regional security, Clinton unfolded what he called "a new Pacific community" where the U.S. and South Korea claim significant roles.

He called for a security institution in the Asia-Pacific in multiple arrangements comparable to "overlapping plates

of armor" providing individual protection and "together covering the full body of common security concerns."

In a clear change from past U.S. position regarding regional security dialogue in this region, Clinton pronounced his administration is no longer reluctant to enter into security dialogue in Asia.

The U.S. President encouraged South Korea to claim a vital role in the new arrangements, "for it stands at the center of Northeast Asia".

On bilateral relations, Seoul and Washinton agreed to set up a Korea-U.S. economic cooperation dialogue channel as a new economic consultative organization.

The two Presidents also shared a common recognition to further develop their existing alliance, friendship and cooperation.

President Clinton on Action Against Iraq

OW0907213693 Beijing XINHUA in English 1501 GMT 9 Jul 93

[Text] Tokyo, July 9 (XINHUA)—U.S. President Bill Clinton described here today the U.N. standoff with Iraq as serious and raised the possibility of multilateral action against Iraq.

At a press conference after leaders of the Group of Seven (G-7) ended their three-day summit today, Clinton said that the United States will not take unilateral action as it took recently against Iraq for an alleged Iraqi assassination attempt on former President George Bush.

"The response should be a multilateral one," Clinton said.

On Thursday [8 July], Rolf Ekeus, chairman of the U.N. special commission in charge of eliminating Iraq's weapons of mass destruction, said inspectors would arrive in Iraq on Saturday [10 July] to close two missile test sites.

On Monday, the U.N. inspectors withdrew from Baghdad after they were prevented from installing cameras at the missile bases.

"I think it is serious," Clinton said of the latest standoff between Iraq and the United Nations.

He expressed the hope that Iraq would acquiesce the U.N. demands.

The United States would take the issue back to the U.N. Security Council and pursue some kind of multilateral action if Iraq did not meet the U.N. demands, Clinton said.

Iraq, UN Delay Talks on Sealing Missile Sites

OW1107062893 Beijing XINHUA in English 0556 GMT 11 Jul 93

[Text] Baghdad, July 10 (XINHUA)—U.N. inspectors are holding negotiations with their Iraqi counterparts on the sealing of two Iraqi missile sites until late tonight, casting shadow on their day-long mission in Baghdad.

In a telephone interview with XINHUA from Sheraton Hotel, where the talks are underway, Jaakko Ylitalo [name

as received], chief of the field office of the U.N. special commission, said that "there is no comment on the talks."

He said he will begin to work at 0900 local time (0500 GMT), but he refused to say what will be the result of the talks and what will be announced to the press.

Team chief Mark Silver said upon arrival this afternoon that he will meet the [word indistinct] after his talks with their Iraqi counterparts on the plan to seal key equipment at two missile testing sites near Baghdad.

He said that if Iraq refused the sealing action, his team would leave Baghdad immediately for New York.

U.S. Secretary of State Warren Christopher has warned that if Iraq refuses the sealing action, a military attack is quite possible.

Silver's team arrived amid heightened tension between Iraq and the U.N. after Baghdad refused to allow two U.N. surveillance cameras to be installed at two of the missile testing sites.

The United Nations wants to put the video cameras at the missile sites to ensure that Iraq does not try to develop long-range missiles and wants to seal off the equipment at the sites until a final decision was made on the cameras issue.

Baghdad has been refusing to allow the placement of the U.N. cameras for the past month and has not indicated whether it would accept the U.N. plan of sealing the equipment in the two missile test sites.

Iraq is required to destroy its weapons of mass destruction under a 1991 ceasefire resolution that ended the Gulf war.

Article Discusses U.S. Military Strategy

HK1207071893 Hong Kong WEN WEI PO in Chinese 11 Jul 93 p 14

[Article by Tung Fang Tieh (2639 2455 6993): "The Changing U.S. Foreign Strategy as Seen From the Battles in Somalia and Iraq"]

[Text] In less than two weeks after mid-June, the United States successively used force in two places, first in Somalia and then in Iraq.

On the surface there was no relationship between these two military actions, because each was caused by different factors. If we go further and deeply study the underlying factors and the way the action was carried out, however, we may find many similarities and perceive the overall outline of the current foreign strategy of the United States.

The Pincers That Grip the Middle East Oil Producing Region

Some people may say that the United States used force in Somalia because the armed forces led by Aidid attacked the UN peace-keeping troops and that the attack on Iraq was made because the Iraqi intelligence agency plotted the assassination of former U.S. President Bush. Such explanations are not convincing enough. The UN peace-keeping troops were not only attacked in Somalia but also in

Bosnia and Cambodia; why didn't the United States take retaliatory action there? Plots to assassinate an incumbent U.S. president are not unusual, and there should be no surprise if a former U.S. president becomes the target of an assassination plot. Taking military action on these grounds only shows that, if the United States wants to do something, it would not be difficult for it to trump up certain charges.

The main reason for the U.S. military response lies in the fact that both Somalia and Iraq are situated in a key strategic position. One is in the southwestern part of the Middle East, and the other is in the northeastern part of the Middle East. They form a pair of pincers that grip the "treasure bowl" which houses the richest oil reserve in the world. Although the United States defeated Saddam Husayn in the Gulf war and gained control of the Middle East—which it has always coveted—it still could not set its mind at rest and had to further consolidate its control and influence. Now, by taking military action, it not only continued to maintain the pressure and containment against Iraq, but also increased the deterrent effect against other countries in the Middle East by "punishing" another "badly behaved boy." In addition, Somalia borders the Bay of Aden and controls the outlet of the Red Sea, which forms one of the world's most important strategic waterways up to the Suez Canal. When Reagan declared that the United States would control the world's 16 strategic sea passages, the Red Sea waterway was listed among them. Therefore, it was not an accident that the United States took action in Somalia, because this served its own interests. Aidid dared to offend the tiger, and this gave the United States a pretext to interfere.

Pick a Soft One if You Are Selecting Persimmon

Another reason behind the United States' use of force in Somalia and Iraq was that it would not encounter strong enemies there. Saddam Husayn still maintained a certain level of forces, but a "defeated general never has great courage." After the U.S. missile attacks on Baghdad and the ground radar stations, Iraq even announced that it would not retaliate. Aidid's forces were very poorly organized and had no ability to directly resist the U.S. forces. In selecting its "persimmons," the United States picked the "soft ones." It did not dare to recklessly meddle in the conflicts on the Balkan region, but it was able to flex its muscles in Somalia and Iraq. First, this would remove some people's impression that Clinton was indecisive in diplomatic policy; second, this would easily gain control of some strategic areas and reinforce U.S. influence in the Middle East.

No Longer Keeping the Image of International "Cowboy"

The United States acted in the name of the United Nations in both Somalia and Iraq, and this is what the two actions shared in common. In Somalia, the U.S. forces attacked Aidid for the sake of the UN peace-keeping troops. In Iraq, the U.S. action was also authorized by the United Nations.

This was quite different from the United States' previous "cowboy" style, which led it to act on its own throughout the world.

As for the style of the military actions, the United States did not use many troops in each action, and the military targets were rather limited. It tried to use its air force as much as possible and used its ground forces very carefully. Thus, the military actions were confined to a very small scale and were completed very quickly.

Pursuing Limited Expansion and Acting According to Its Own Capabilities

What was mentioned above roughly described the outline of the Clinton administration's foreign strategy, which can be summarized as pursuing limited expansion and acting according to its own capabilities. Therefore, it pursues realpolitik, multilateral diplomacy, and military economization.

What is realpolitik? After the dissolution of the Soviet Union, the United States did not become the world's dominator. On the contrary, due to the prolonged economic recession and other nations' rapid growth, the United States was reduced to merely one pole in a multipolar world. In the past, the Bush administration failed to correctly size up the situation and effectively check the economic recession at home. Bush still had to step down, even though he won a remarkable victory in the Gulf war. The Clinton administration drew a lesson from the negative experience of its predecessor and oriented itself to a new reality: The United States is stepping down from its position as a superpower and is no longer capable of playing global policemen, even though it still wishes to keep this role. Because it still maintains the goal of expansion but does not have sufficient ability to pursue it, it must very carefully select the areas where it takes action to interfere. First, it should select places which reflect U.S. interests but not those of the allies. Second, it should select targets where its would-be rivals are obviously weaker than the U.S. forces. This is the reason why the United States reacted so rapidly in Somalia and Iraq but hesitated to interfere in the Bosnian conflict.

Due to the decline in its national strength, the United States has not only become more prudent in selecting its targets for interference, but has also more frequently adopted multilateral means of execution. Recently, U.S. Secretary of State Christopher described the method used by the United States as "not only using a bilateral course of action but also pursuing flexible diplomacy by using regional and multilateral approaches." In other words, the United States tries to avoid acting alone when interfering and tries to cooperate with various allies and act in the name of the United Nations. In short, it will require other nations to share the risks and jointly bear the costs by taking joint action. This is aimed at preserving U.S. interests and is an important reason why "coalition forces" and "UN troops" have appeared everywhere in recent years whenever a regional crisis broke out. Perhaps this can be described as "cooperating if possible and acting

alone when necessary." This will be a guideline for U.S. foreign strategy for some time to come.

No matter whether engaging in joint or independent actions, the United States is using its military force more carefully than in the past. Such military economization can be seen in the following facts: First, it has organized crack troops characterized by a high level of combat readiness and rapid-reaction capacity, and replaced a huge amount of conventional troops which had to be maintained at a higher cost with these troops. Second, it took action against major strategic targets as early as possible in order to avoid paying higher costs after events deteriorated. Third, in military actions, it strictly controlled the scale and form of combat, tried to replace ground forces with technology-intensive weapons as much as possible, and prevented itself from being dragged into prolonged and full-sized wars.

The New Strategy Does Not Fundamentally Solve the Problem but Only Works as an Expedient

In the past, when a new president took office, he would without fail announce a new "doctrine." To sum up the above-mentioned points, we may understand some of the elements of "Clintonism." We also see, however, that the United States has lost its previous strength and superpower status. It does not dare flaunt its superiority even in a disintegrated country such as Bosnia, still less against an "medium-powered" country. It is like Rongguo Mansion, a declining noble house depicted in the famous classic Chinese novel *Dream of the Red Chamber*, "although it has a solid frame, its contents are rotting." Clinton's new strategy may only work as an expedient and cannot fundamentally solve the problem. If the United States still considers itself the world's "leader" and still frequently uses force or imposes economic sanctions against other nations, then his plan to rescue the U.S. economy will go nowhere.

DPRK To Return U.S. Soldiers' Remains

OW0907145793 Beijing XINHUA in English 1400 GMT 9 Jul 93

[Text] Pyongyang, July 9 (XINHUA)—The Democratic People's Republic of Korea (DPRK) will return the remains of 17 American soldiers who died in the Korean war to the United States at Panmunjom.

The KOREAN CENTRAL NEWS AGENCY reported Friday [9 July] that DPRK and U.S. military officers have held several talks recently in Panmunjom on the transfer of American soldiers' remains.

The transfer is scheduled for July 12, before the second DPRK-U.S. governmental talks in Geneva on July 14.

In 1991, DPRK returned the remains of 11 American soldiers to the U.S. and in 1992, the remains of 15 more.

Jiang Zemin Discusses Economic, Foreign Issues

OW1007031393 Beijing XINHUA Domestic Service in Chinese 1000 GMT 9 Jul 93

[Report on Jiang Zemin's interview with Regino Diaz Redondo, president of the Mexican newspaper EXCELSIOR, in Zhongnanhai on 7 July]

[Text] Beijing, 9 Jul (XINHUA)—At an interview with Regino Diaz Redondo, president of the Mexican newspaper EXCELSIOR, in Zhongnanhai on 7 July, President Jiang Zemin extensively expounded on various issues including China's economic situation and reform, evaluation of Comrade Mao Zedong and Mao Zedong Thought, Hong Kong issues, Sino-Mexican relations, China's relations with Latin America, international situation, and the world's future.

Commenting on issues regarding China's current economic situation and reform, Jiang Zemin said: China's overall economic situation is good. The national economy continues to maintain the momentum of rapid growth because of last year's high-speed development. We have a bumper harvest of summer grain in 1993 whose total output is roughly the same as that of last summer. The country's industrial production continues to rise, with relatively higher economic returns. Both urban and rural markets are brisk, and our foreign trade continues to grow. Meanwhile, we are also soberly aware that as a socialist market economy with effective macroeconomic system and norms for regulation and control has yet to be established, some contradictions and problems have appeared in our process of advancing. However, we have been making efforts to solve such problems.

He pointed out: We are building and implementing a socialist market economic system which suits China's national conditions. This system is conducive to optimizing resource allocation and developing the productive forces. The socialist market economy can very effectively integrate efficiency and fairness. It is conducive not only to raising efficiency but also to safeguarding social justice and gradually realizing common prosperity.

He said: China is a developing country with more than 1.1 billion people. To develop social productive forces and to continually improve the people's material and cultural standards are issues warranting our priority considerations at the present stage. Therefore, we have been persistently regarding economic construction as our central task; and all other tasks have been subordinate to and servicing this central task. The party's basic line will definitely remain unchanged. The policies of reform and opening up to the outside world will never change.

He said: After carrying out reform and opening up in the past 10-odd years, China has achieved rapid development, but it is still a developing country with 1.16 billion people. When calculated on a per capita basis, China's economic foundation is still relatively weak. Even if China makes greater progress in its economy in the future, it will never pose as a threat to other countries. The theory of a "China threat" cited by some people is totally irrational.

Jiang Zemin pointed out: The objective of our political restructuring is to build socialist democracy with Chinese characteristics. We are pushing forward political restructuring so as to make greater progress in constructing a socialist democracy and legal system. China's current political system has been the common choice of all the Chinese people and thoroughly suits China's national conditions. China's political system has enhanced the emancipation and development of social productive forces; has guaranteed the people's democratic rights; and has ensured that the people live and work in peace and contentment. Of course, our socialist political system still needs continual improvement. The political restructuring and construction of democracy, currently pursued by China, aim precisely at gradually improving the political system.

Replying to questions regarding the evaluation of Comrade Mao Zedong and Mao Zedong Thought, Jiang Zemin pointed out: The Sixth Plenary Session of the 11th CPC Central Committee has made a special decision on this issue. The whole party has reached a consensus in its understanding. Mao Zedong Thought is a valuable spiritual treasure of the CPC and the Chinese people of various nationalities. Comrade Mao Zedong was a great strategist and theorist. Many fundamental tenets, basic principles and scientific methods outlined in his works have universal significance and still play an important guiding role. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is an extension and development of Mao Zedong Thought and is a powerful ideological weapon directing us to materialize our new historical task. The 14th CPC National Congress has established the guiding position of Deng's theory and has decided to arm the whole party with the theory.

In speaking of the Hong Kong issue, Jiang Zemin said: After the Chinese Government regains sovereignty over Hong Kong on 1 July 1997, it will establish a special administrative region [SAR] based on the principle of "one country, two systems". High-degree autonomy will be vested in the SAR, except in the areas of national defense and foreign affairs, which will be administered by the central government. The existing capitalist social and economic system will not be changed, nor will the lifestyle of its residents. Hong Kong's status as an international financial center and free port will be maintained. These principles and policies have been laid down by the National People's Congress [NPC] in the basic law for the Hong Kong SAR.

Jiang Zemin said: The Chinese Government is full of confidence in both the Chinese mainland's and Hong Kong's long-term stability and development. Hong Kong's capital, information services, and management expertise are playing an important role in the Chinese mainland's reform and opening to the outside world. The Chinese mainland provides a vast hinterland for Hong Kong's economic development. The further expansion of reform and opening up and economic development on the Chinese mainland will contribute to Hong Kong's long-term prosperity and stability.

He continued: Fewer than four years remain before the transfer of power in Hong Kong in 1997. We hope the British Government, in the interests of Sino-British ties and Hong Kong's stability and prosperity, will strengthen its cooperation with the Chinese Government on the basis of the joint declaration and settle the major issues concerning the smooth transition properly.

He pointed out: Representatives of the Chinese and British Governments are holding talks on arrangements for the 1994-95 elections in Hong Kong. We hope for an early agreement. However, the result of the talks will not be decided solely by the Chinese side. Yet, no matter what happens, the Chinese Government will observe the Sino-British joint declaration and the SAR Basic Law to ensure a smooth transition and successful transfer of power in Hong Kong in 1997. Hong Kong's future is bright.

In response to a question on assessing China's relations with Mexico and Latin American countries, Jiang Zemin pointed out: Sino-Mexican relations are very good and satisfactory. Since China and Mexico established diplomatic relations in 1972, bilateral relations of friendship and cooperation have witnessed steady development. The two sides have maintained high-level contact. Three Mexican presidents have visited China, and many Chinese leaders have visited Mexico. Over the past few years, Sino-Mexican cooperation and exchanges in such fields as economics, trade, science and technology, and culture have also gradually expanded. China and Mexico, both developing countries, share the same or similar views on major international issues, and they support each other and cooperate actively in world affairs. We believe Sino-Mexican relations of friendship and cooperation will continue to expand with the joint efforts of each side.

He said: Over the past few years, China's relations of friendship and cooperation with Latin American countries have enjoyed fairly rapid development. There have been continuing political exchanges and high-level contacts. China and Latin American countries have carried out economic and technological cooperation in varied forms, and the volume of trade between the two sides has also increased, reaching a record of nearly \$3 billion dollars last year.

He said: China and Latin American countries belong to the developing world and share many common points, and they can trust each other. The deepening of China's reform and expansion of its opening as well as the development of the economies of Latin American countries present broad prospects and unprecedented opportunities for China and Latin America to conduct economic cooperation. In line with the principles of equality and mutual benefit and of seeking practical results and joint development by using various means, China is ready to actively promote its economic and technological cooperation with Latin American countries.

He pointed out: Obviously, China's conditions differ somewhat from those of Latin American countries. We believe it is of first importance that the interests of both sides should be taken into consideration when handling

state-to-state relations. The social system of each country should be based on domestic conditions. So long as each country abides by the Five Principles of Peaceful Coexistence and handle issues in line with a practical spirit, bilateral relations can be lifted to a higher level.

In speaking on the question of integration of the global economy and forming of regional trade groups, Jiang Zemin said that the integration of the global economy and the forming of regional trade groups are parallel trends at present, and that the development of regional economic cooperation has entered a higher level. According to incomplete statistics, there are more than 20 such economic groups and free-trade zones in the world. The two trends have differences as well as connections, and they condition and promote each other.

Unified policies of different degrees are applied within regional groups, which play a positive role in expanding and integrating the global economy. But, regional groups should avoid implementing discriminative policies to those outside the bloc in order to avert trade protectionism and negatively affecting the healthy development of the world economy.

Jiang Zemin said: China is an Asian country. Developing and enhancing economic relations with neighboring nations and regions in Asia and the Pacific region is an important part of its all-around opening policy. China is willing to strengthen economic exchanges and cooperation with various countries and regions throughout the world on the basis of equality and mutual benefits. China has been carrying out the opening policy for over 10 years. We have signed tens of thousands of contracts with foreign investors, with their contract volume reaching tens of billion of dollars. These contracts include Chinese-foreign joint ventures as well as wholly foreign-funded enterprises. We think that despite varying levels of economic development and differing social systems, all nations should open their markets on the basis of equality. This is an effective way to speed up the development of the global economy.

Asked to comment on the current international situation and the world's future, the Chinese president said: The world is moving in the direction of multipolarization following the collapse of the bipolar structure. The international situation is turbulent and changeable, and the world is not peaceful. Problems in hot spots left over from the cold war period remain unsolved and some new conflicts have broken out. Some nations and regions are in deep political, economic, and social crises and have suffered from national disintegration, armed clashes, territorial conflicts, and religious dissension. Contradictions between some nations are complex and worldwide economic competition is intense and many developing countries have become poorer. Hegemonism and power politics still exist, and incidents of interference in other nations' internal affairs, putting pressure on other nations, and violating other nations' sovereignty in the name of "democracy" and "human rights" have occasionally occurred. Facts show that peace and development are still the theme of the modern world. Under these circumstances, building a peaceful, stable, just, and reasonable

new international political and economic order is the common will of the world's people and is in their fundamental interest, and is also conducive to the noble cause of world peace and development. Though the world is facing a myriad of intricate problems, we are confident that mankind is able to solve all these problems. History is constantly advancing and the future of the world is bright.

EXCELSIOR is an influential newspaper of Mexico and is one of the major newspapers in Latin America. Since the eighties, Diaz has interviewed more than 80 heads of state and government and noted figures of political circles. He visited China in 1978 and 1986.

Olympic Official on 'Damaging' IOC Report

OW1007055393 Tokyo KYODO in English 0457 GMT 10 Jul 93

[Text] Beijing, July 10 KYODO—China expressed anger Saturday [10 July] at a leak of a confidential International Olympic Committee (IOC) report published by a German news agency which rated Beijing behind Sydney for hosting the 2000 Olympic games.

The DPA [DEUTSCHE PRESSE AGENTUR] story said Beijing received low ratings due to "China's repressive political climate, the city's pollution and below-standard stadiums."

"This is highly unusual and we are very surprised that the DEUTSCHE PRESSE AGENTUR (DPA) has leaked the contents of the report before its scheduled release," a Chinese Olympic Committee spokesman said.

"At the same time, we find their damaging report inaccurate."

The 66-page report, due to be released July 16, is an IOC assessment of the six cities bidding for the 2000 Olympics.

Beijing and Sydney are considered the front runners, followed by Manchester, Berlin, Brasilia and Istanbul.

IOC members will vote on the matter September 23 in Monaco.

Volleyball Federation Chief Inspects Facilities

OW1207084993 Beijing XINHUA in English 0726 GMT 12 Jul 93

[Text] Beijing, July 12 (XINHUA)—Ruben Acosta, president of the International Volleyball Federation (FIVB), and his wife arrived here on Monday [12 July] for an inspection of sports facilities in the Chinese capital which is bidding for the 2000 Olympics.

During their three-day stay here, the FIVB chief will visit the venues which are planned for the 2000 Olympic volleyball competition, and hear presentations from officials of the Beijing 2000 Olympic Games Bid Committee (BOBICO).

Acosta will also meet officials from the BOBICO and the Chinese Volleyball Association.

Other bidders for the 2000 games are Sydney, Berlin, Manchester, Istanbul and Brasilia.

The International Olympic Committee will decide the venue on September 23 in Monte Carlo, Monaco.

Ministry: World Bank Loans Reach Record High

OW0807143393 Beijing XINHUA in English 1316
GMT 8 Jul 93

[Text] Beijing, July 8 (XINHUA)—China received a total of 3.172 billion U.S. dollars in loans from the World Bank in the 1993 fiscal year, the most for a single year since the country regained World Bank membership in 1980, according to officials from the Ministry of Finance here today.

The new loans brought the total amount of World Bank lending to China to 16.5 billion U.S. dollars by June 30 this year.

"China has been the number one borrower from the World Bank for two consecutive years," said Jin Lique, who heads the World Bank Department under the Ministry of Finance.

China borrowed 2.556 billion U.S. dollars from the World Bank during the 1992 fiscal year that spanned from July 1, 1991 to June 30, 1992.

"The increased lending indicates the cooperation between China and the World Bank has entered a new stage. China now is one of the World Bank's most important partners," said Jin.

Of the 18 projects approved by the World Bank in the just-ended fiscal year, the most conspicuous ones are for technical assistance for the finance sector involving 60 million U.S. dollars and a grain storage and circulation project demanding 490 million U.S. dollars, also the biggest loan for a single project the World Bank has ever made to China.

The former is designed to enhance the institutional capability of China's central bank, and the latter to support an overhaul of the grain purchasing and circulation system by building a national storage and circulation network and two national grain futures markets.

The 3 billion U.S. dollars in World Bank loans also includes 930 million U.S. dollars for construction of two expressways in the provinces of Henan and Guangdong and the Beijing-Zhengzhou and Chengdu-Kunming electric railways, in addition to a project to improve the handling capabilities of the Shanghai port.

So far, besides the 30 projects that have been completed, most of the 128 World Bank-financed projects are proceeding smoothly, according to Jin.

And the World Bank gave China great credibility for the high quality of the projects in a recent inspection jointly conducted by the World Bank and the Chinese Finance Ministry, noted Jin.

The cooperation between China and the World Bank has extended to economic research. During the '93 fiscal year, the World Bank finished an investigative report on China's

economy which embodies a lot of suggestions for China's economic expansion and reform, said Jin.

The World Bank also organized, together with relevant Chinese departments, three large symposia on reform of state enterprises, financial sectors and state economic macrocontrol.

The most significant and cooperative gesture from the World Bank towards China was the visit by World Bank President Lewis Preston in April this year.

During his stay in China, Mr. Preston met with President Jiang Zemin and Premier Li Peng, and they exchanged ideas on many issues. During his tour of Guangdong Province, Xinjiang and Guangxi regions and Shanghai city, Mr. Preston was especially impressed by the achievement China has made in economic reform and opening up, and China's efforts to reduce poverty and protect environment.

All these have laid a good foundation for China to maintain good relations and further expand the cooperation between China and the World Bank, said Jin.

Jin revealed that the World Bank loans to China in the next few years can be expected to stay at this year's level.

State Councillor Attends Symposium on Family

OW0807123193 Beijing XINHUA in English 0956
GMT 8 Jul 93

[Text] Beijing, July 8 (XINHUA)—An international symposium on child development and the family in China opened today in Beijing.

Nearly 300 experts from China and a dozen other countries, along with representatives from the United Nations Children's Fund (UNICEF), will discuss issues related to the family and child development, the family and the economy and the role of the family in social development during the four-day symposium.

China now has 270 million families and more than 400 million citizens under the age of 18. The Chinese Government has always attached importance to child development, said State Councillor Peng Peiyun at the symposium's opening ceremony.

To date, China has promulgated a law on compulsory education and a law on the protection of minors. Last year, it promulgated the "National Program of Action for Children's Development in China in the 1990s".

In addition, China has launched a nationwide campaign on the "model family" and offers courses for parents to promote stronger family ties and improve the quality of parents.

Sponsored by the China National Committee on Care for Children, the UNICEF regional office for east Asia and the Pacific, the UNICEF office for China and the Chinese Academy of Sciences, the symposium is aimed at promoting child development in China and the rest of the world to greet the international year of the family in 1994, said organizers.

Lei Jieqiong, vice-chairman of the Standing Committee of China's National People's Congress, Daniel J. Brooks, regional director of UNICEF for East Asia and the Pacific region, and Farid Rahman [spelling of name as received], representative of the UNICEF office in China, also attended today's opening ceremony.

Observers Undertake Mozambican Peacekeeping Tasks

OW0907011093 Beijing XINHUA in English 1746
GMT 8 Jul 93

[Text] Maputo, July 8 (XINHUA)—Chinese U.N. military observers in Mozambique left here early this morning for various war areas in the country to carry out peacekeeping missions.

The Chinese observers arrived here on July 1. One of them is assigned to work in the headquarters of the U.N. peacekeeping troops in Mozambique and the other nine have been sent to southern, central and northern Mozambique.

The United Nations is to send a total of 350 military observers to Mozambique to monitor the amassment, disarmament and disassembly of the troops of both the government and the former rebel RENAMO (the Mozambique national resistance), as well as the subsequent formation of a national unified army in the country.

So far, 260 U.N. military observers have arrived in Mozambique.

The Mozambican Government and the RENAMO signed a peace accord in October last year, bringing to an end the country's 16-year-long civil war.

Steps for UN Women's Meeting 'Well Underway'

OW0907213993 Beijing XINHUA in English 1546
GMT 9 Jul 93

[Text] Geneva, July 9 (XINHUA)—Preparations for the 1995 world women conference are well underway in China, members of the U.N. Economic and Social Council were told on Friday [9 July].

Meng Xianying, alternate representative of the Chinese delegation, said the convention site and facilities have been made ready.

"China attaches great importance to the fourth world conference on women...we will closely follow the relevant U.N. resolutions, fulfill our obligations and make sound arrangements for the conference," she said.

"More and more people from all walks of life, urban and rural women, are joining in the preparatory activities," the Chinese official added.

United States & Canada

Spokesman on U.S. Ruling on Iron Pipe Dumping

OW1007082793 Beijing XINHUA Domestic Service in Chinese 0539 GMT 10 Jul 93

[Text] Beijing, 10 Jul (XINHUA)—A spokesman of the Ministry of Foreign Trade and Economic Cooperation

today issued a statement in connection with the final ruling of the U.S. Government against the dumping of spherical cast iron pipes from China. The text of the statement reads:

On 7 July 1993, the Department of Commerce of the United States made a final ruling against the dumping of spherical cast iron pipes from China. The final ruling announced the levying of a unified antidumping tax of 127.38 [figure as received] percent on spherical cast iron pipes from the People's Republic of China. At the same time, the U.S. Department of Commerce announced that the U.S. side had changed its policy of granting independent [dan du 0830 3747] tax rates to Chinese state-owned companies. This means that in its future rulings on antidumping cases directed at imports from China, the U.S. side will grant a unified tax rate to Chinese state-owned companies. The Chinese side expresses its regret and concern on this matter. The U.S. Department of Commerce's move against Chinese state-owned enterprises is unfair [bu gong zheng de 0008 0361 2973 4104] and is contrary [you bei yu 2589 1883 0060] to its consistent practice in the past.

Everyone knows that since 1978, China has all along implemented a policy of reform and opening to the outside world and has carried out major reform of its foreign trade structure on numerous occasions. At present, China has instituted separation of the functions of government from those of the enterprises. Enterprises operate independently and are responsible for their own profits and losses, and they have the power to set prices independently. The policy of retrogression [dao tui zheng ce 0227 6622 2398 4595] adopted by the U.S. Department of Commerce in disregard of China's law and facts has seriously infringed on [sun hai 2275 1364] the interests of Chinese state-owned enterprises. It is hoped that the U.S. Government will change its action in the spherical cast iron pipes case and treat Chinese state-owned enterprises fairly to create a fine [liang hao 5328 1170] environment for the normal development of Sino-U.S. trade.

U.S. Firm Signs Contract on Computer Factory

OW0907134393 Beijing XINHUA in English 1252
GMT 9 Jul 93

[Text] Beijing, July 9 (XINHUA)—The Beijing Stone Corporation and the Compaq Company of the United States signed a contract here today to jointly build a computer factory in China.

The factory, scheduled to go into operation toward the end of the year, will manufacture desk-top microprocessors and computer circuit boards. Its products will be exported to Southeast Asia.

Mr. Kirk Moul, vice-president of the Compaq Company, said that his company is one of the largest computer manufacturers in the world.

Compaq, a transnational company, now accounts for 18.5 percent of the Chinese computer market and is now China's second largest foreign supplier of computers, he said.

The Stone Corporation is the largest collectively-owned high-tech business in China.

Canadian Telecommunications Firm Plans Investment

OW1107022293 Beijing XINHUA in English 0157 GMT 11 Jul 93

[Text] Shanghai, July 11 (XINHUA)—A senior manager of Northern Telecom said here that the company will contribute to promoting American-Chinese culture and sports exchanges while helping boost China's telecommunications.

Ed McConaghay, vice president of Northern Telecom Asia/Pacific, said this when interviewed by XINHUA, along with Ming L. Li, senior managing director of Northern Telecom (Asia) Limited.

Both of them came to attend a press conference on the new play "The Joy Luck Club", which is sponsored by Northern Telecom and will be co-staged in August by China's Shanghai People's Art Theater and the Long Wharf Theater of the United States.

McConaghay said that the sole sponsorship is aimed at helping with culture exchanges between the peoples of China and the United States.

The play, which is about the generational and cultural gap between Chinese immigrants and their American-born daughters, is based on a best-selling novel written by Amy Tan, a popular Chinese-American writer.

McConaghay said that the company is all along paying close attention to supporting the cultural and sports exchanges between countries.

In 1990, he said, the company donated to Beijing's Asian Games a digital switch system valued at three million U.S. dollars.

As a global telecommunications research and manufacturing firm, Northern Telecom entered the Chinese market in 1972 by providing transmission equipment for U.S. President Nixon's visit.

A Sino-Northern Telecom joint venture established in south China's Shenzhen city in 1988 has become a major switch producer with an annual output of private switches controlling a half million telephone lines.

"Furthermore, the factory is so successful that almost all Canadian and U.S. companies which want to invest in China will come to visit it beforehand to learn from our experiences," he said. "In fact, it has become a bridge and window for Canadian-Chinese and American-Chinese economic cooperation."

In addition, Li added that Northern Telecom signed agreements last year and this year with China to supply the backbone of a national data network, and invest over 100 million U.S. dollars to co-produce an up-to-date program control switch, large-scale integrated circuit, and mobile telecommunications and transmission system.

Central Eurasia

Nuclear Technology Accord Signed With Russia

HK1007070393 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0346 GMT 10 Jul 93

[Text] Hong Kong, 10 Jul (ZHONGGUO TONGXUN SHE)—Sources from the China National Nuclear Corporation have indicated: To promote the peaceful utilization of nuclear technology between China and Russia, an agreement on a Sino-Russian joint venture, the Shenzhen Suoluosi High Technology Industrial Garden Limited, was signed in Shenzhen between China and Russia some days ago. The joint venture was entered into by China National Nuclear Corporation and Russia's Atomic Energy Industrial Ministry.

According to the agreement, the nuclear industrial circles of both China and Russia will send a number of national- and international-level nuclear experts to Shenzhen to make common efforts in the development and peaceful utilization of nuclear technology.

The industrial garden has an area of 60,000 square meters, in which there will be 30 high technology industrial projects with a total investment of \$70 to 90 million. Each side will share 50 percent of the share capital.

Russian Joint Border Commission Meeting Ends

OW0907020793 Beijing China Radio International in Russian 1900 GMT 6 Jul 93

[Text] The PRC-Russian Joint Demarcation Commission held its third meeting 25 June-5 July in Moscow. The meeting took place in a friendly and businesslike atmosphere. Both sides discussed and resolved a number of demarcation issues on the eastern border between China and Russia. Demarcation work began in April of this year. The sides also confirmed that the Commission's fourth meeting will be held in December of this year in Beijing.

Russian Envoy Notes 'Special Position' of Ties

OW1107052493 Beijing XINHUA Domestic Service in Chinese 1335 GMT 6 Jul 93

[Text] Moscow, 6 Jul (XINHUA)—Rogachev, Russian ambassador extraordinary and plenipotentiary to China, said that it is impossible for developing relations with China not to occupy a special position in Russia's foreign policy.

Rogachev made the above remarks in ROSSIYA on 6 July.

Rogachev said: China is one of the biggest countries in the world. It has tremendous human resources and economic potential. China's economy posted a very high growth rate in the process of economic reform over the past 15 years.

Rogachev stressed: Russia and China are two neighboring countries that share the longest common border in the world. The Sino-Russian Joint Declaration issued December 1992 noted that Russia and China are two

friendly countries, and that they will expand good-neighborly, friendly, and mutually beneficial cooperation. He said the expression reflects the essence of new Russian-Chinese relations.

Touching on economic cooperation and trade between China and Russia, he pointed out: Though Russia encounters difficulties in the course of reform at present, she has maintained and gradually expanded her foreign trade with and exports to China. Last year, Russia-China trade volume grew about 50 percent.

In reply to a question about whether or not Russian interests will contradict those of China in the future, Rogachev said that he is firmly convinced that, on the whole, Russia's fundamental interests do not contradict with China's because both sides need to conduct economic cooperation with each other to successfully promote their own development at home.

Russian Criticism of Black Sea Issue Reported

OW1207031493 Beijing XINHUA in English 0152 GMT 12 Jul 93

[Text] Moscow, July 11 (XINHUA)—The Russian Foreign Ministry on Sunday [11 July] criticized the Russian Parliament's decision to declare that Sevastopol, port for the Black Sea Fleet, belongs to Russia and not to Ukraine.

A statement by the ministry said that parliament's decision "diverges from the policy of the president and government toward pursuing Russia's interests."

The statement pointed out that the issue, however complicated, could be solved only in accordance with treaties signed with Ukraine and with principles of both the United Nations and Conference on Security and Cooperation in Europe.

On Saturday Russian President Boris Yeltsin condemned the decision which seeks to put Sevastopol under Russian administration. Sevastopol, which is located on the Crimean Peninsula, is in Ukrainian territory.

The decision, made on Friday, has prompted fears that tension between Russia and Ukraine will increase.

Ukraine, also on Friday, denounced the resolution as a violation of Ukrainian territorial integrity.

Northeast Asia

Reportage on DPRK Treaty Anniversary

Groups Hold Function

SK0907061493 Beijing China Radio International in Korean 1100 GMT 8 Jul 93

[Text] The Chinese People's Association for Friendship With Foreign Countries [CPAFFC] and the PRC-DPRK Friendship Association held a banquet in Beijing yesterday to mark the 32nd anniversary of signing of the PRC-DPRK Friendship, Cooperation, and Mutual Assistance Treaty. Diplomats including Chu Chang-chun, DPRK ambassador extraordinary and plenipotentiary to the PRC, and Korean [words indistinct] were invited to the

banquet. Attending the banquet were Han Xu, CPAFFC president; Gan Yetao, vice president of the PRC-DPRK Friendship Association; Tang Jiaxuan, vice foreign minister; Liu Deyou, vice culture minister, and other relevant functionaries.

CPAFFC President Han Xu said in his speech that the PRC and DPRK people have continued to support each other and to closely cooperate with each other in their joint struggle and the cause of socialist construction for the last 32 years since the PRC-DPRK Friendship, Cooperation, and Mutual Assistance Treaty was signed. He also expressed his conviction that traditional friendship and friendly and cooperative relations between the PRC and DPRK people will be strengthened and developed without fail as the two countries' socialist cause develops. He added that defending and developing PRC-DPRK friendship under the current international situation is of a great significance to peace and security in the Asian region.

In his speech, Ambassador Chu Chang-chun reminded the participants of PRC-DPRK friendly and cooperative relations for the last 30-odd years, saying he hopes that the PRC people, who firmly rallied around the Communist Party of China Central Committee with Comrade Jiang Zemin as a core, will achieve a new success in constructing a PRC version of modernized, powerful socialist country.

PRC Envoy Hosts Banquet

OW1007114293 Beijing XINHUA in English 0750 GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—Chu Chang-chun, ambassador of the Democratic People's Republic of Korea (DPRK) to China, hosted a banquet here to mark the 32nd anniversary of the signing of the treaty of friendship, cooperation and mutual assistance between China and the DPRK.

At the banquet on Friday [9 July] evening, Wang Hanbin, vice-chairman of the Standing Committee of China's National People's Congress, and Chu Chang-chun made speeches respectively, wishing the further development and strengthening of the traditional friendship between the two peoples.

On Wednesday, Chinese People's Association of Friendship With Foreign Countries also gave a reception for the anniversary.

Japan Plans 'Massive Investment Plan' for China

HK1107044093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11-17 Jul 93 p 1

[By Yong Wang: "Japan Embraces Chinese Mart With Fervour"]

[Text] Encouraged by an appreciated yen and the beckoning Chinese market, Japan has finally launched a massive investment plan for the mainland.

The euphoria comes against the backdrop of a declining investment overseas on the whole by Japanese companies, affected by a sober global economic performance—with the noted exception of Asia.

At present, China is absorbing some 3 percent of Japan's overall investment overseas, compared to a puny 1-1.4 percent in the past.

"Japanese investment in China is at a turning point as more is being shifted to capital-intensive projects in infrastructure and raw materials sectors," Zhou Ming, an official with the Ministry of Foreign Trade and Economic Co-operation (Moftec), told Business Weekly.

She forecast that more such projects with Japanese funds would be set up this year, following a cement factory and a CRT-tube production base set up last year.

The big-names, like Matsushita, NEC, C.Itoh, Asahi and Mitsubishi, are on the verge of increasing input in their China projects.

Some are even drafting long-term investment strategies, Zhou revealed.

Japanese automakers, which have persisted in a sales-but-no-investment policy, are moving to set up joint venture manufacturing bases either for automobiles or spare parts.

So far, Germany, the United States and some other European nations have landed the major share of China's market for auto-making.

But it's still unclear how and when Japan will expand its interests in China's automaking industry.

China and Japan will convene a bilateral business conference in Tokyo this October to seek trade and investment expansion, Zhou said.

Apart from a rising Japanese yen against the U.S. dollar and China's improved investment environment, she attributed burgeoning Japanese capital flow to China to a lower consumption in Japan.

Moreover, Japan is also part of a worldwide trend that is seeing more investment shifted to the Asia-Pacific region, the world's fastest growing area.

Japan has until the first quarter of this year committed \$6.52 billion, in more than 4,200 projects in China.

The actual input of Japanese capital hit \$4.14 billion.

China had approved 110,000 overseas-funded projects with promised input of more than \$135 billion until March. Actual overseas input was \$37 billion.

Zhou predicted that Japanese investors would definitely gear up presence in China after "years of steady growth."

In the first three months, actual Japanese input jumped by 180 percent over the 1992 corresponding period, more than China's average in the category.

Japanese financial circles are also positive about China, especially Shanghai.

Southeast Asia & Pacific

NPC's Qiao Shi To Visit ASEAN Countries

OW1007073393 Beijing XINHUA in English 0652
GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China, will pay an official goodwill visit to Indonesia, Malaysia, Singapore, Thailand and the Philippines from July 20 to August 11.

Qiao will visit the ASEAN countries at the invitation of Wahono, chairman of the People's Consultative Assembly and speaker of the House of Representatives of Indonesia, Tan Sri Datuk Mohamed Zahir Ismail, speaker of the House of Representatives of Malaysia, Tan Soo Khoon, speaker of the parliament of Singapore, Marut Bunnak, president of the National Assembly of Thailand and Edgardo J. Angara, president of the Senate and, Jose de Venecia Jr., speaker of the House of Representatives of the Philippines.

This was announced here today by a Chinese Foreign Ministry spokesman.

This is the first visit to the ASEAN countries by chairman of the NPC Standing Committee, spokesman said.

He added that the purpose of the visit is to give impetus to the further development of the friendly relations and cooperation between China and the five countries, and promote the exchanges and friendship between the NPC and the parliaments of those countries.

Singapore's Lee Kuan Yew Continues Yantai Trip

SK1007071793 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 7 Jul 93

[Text] Lee Kuan Yew, senior minister of Singapore; Ong Teng Cheong, deputy prime minister of Singapore; and their entourage continued their visit and fact-finding tours in Yantai on 7 July. Accompanying the honored guests on the tours were Hu Ping, director of the special development zone office under the State Council; Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province; Song Fatang, vice governor of the province; and Du Shicheng, secretary of the Yantai city party committee.

At 0930 the Singapore Government delegation headed by Lee Kuan Yew and Ong Teng Cheong and the Singapore entrepreneurs' delegation came and took a bus to the Yantai economic and technical development zone. At the international exchange center in the zone, the honored guests from Singapore heard the briefing given by the responsible comrade of the zone on the zone's situation. Then they visited the comprehensive industrial park run by Singapore and conducted an on-the-spot inspection. Lee Kuan Yew nodded repeatedly during the briefing on the geomantic location of the industrial park.

At 1130 the Singapore entrepreneurs' delegation attended a foundation-laying ceremony for construction of the Hongxing Building joint venture between Singapore and

Yantai in the Yantai development zone. Cutting the ribbon at the ceremony were (Lin Wenqing), senior director of the Government Affairs Department under the Ministry of Trade and Industry of Singapore; Zhao Zhihao, governor of the province; and other responsible personnel. Investment in the building reaches more than 70 million yuan renminbi, and the acreage of the building is more than 36,000 square meters. It is the first real estate project with investments made by both Singapore and Yantai.

In the afternoon, accompanied by Hu Ping, Zhao Zhihao, and Song Fatang, the Singapore Government delegation headed by Deputy Prime Minister Ong Teng Cheong visited the Yantai synthetic leather general plant; the Yantai Port Office; and the Yantai Zhangyu Wine-Making Company. At the wine-making company, the honored Singapore guests, including Ong Teng Cheong, tasted wines in various categories with great interest. Ong Teng Cheong also wrote an inscription for the company.

That evening the honored Singapore guests went to a literary and art performance.

Report on Visit, Inspection

SK1107101293 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 9 Jul 93

[Text] From 6 to 8 July, the Singapore economic and trade delegation headed by Senior Minister Lee Kuan Yew and Deputy Prime Minister Ong Teng Cheong inspected and visited Yantai city.

During the inspection, the delegation widely established contacts and held talks with the personages of the economic and trade circles of the city and made better achievements. In the past two days, the delegation and the city held talks on 163 items and signed six agreements and 20 letters of intent.

The Singaporean guests expressed extremely great interest in the good investment environment of Yantai.

Both sides pledged to make positive efforts to promote the progress of the items that have been discussed and to ensure smooth progress and an early completion and operation of these items.

Tibetan Official Receives Australian Delegation

OW1007120093 Beijing XINHUA in English 0843
GMT 10 Jul 93

[Text] Lhasa, July 10 (XINHUA)—Since the peaceful liberation of Tibet in 1951 the proudest change for Tibetan people is that they fully enjoy the rights of democracy and equality in political life.

This was stated by Raidi, chairman of the Standing Committee of the Tibet Autonomous Region's People's Congress at a meeting with the visiting delegates of the Australian National Party at the Holiday Inn in this capital of the region.

"My own experience is a good example to explain this," Raidi told the guests. He was a servant of a herd owner in

northern Tibet when he was young, and had to constantly avoid even looking at his master's face.

"Now I am deputy secretary of the Tibet Autonomous Region's Communist Party Committee and chairman of the Standing Committee of the Tibet Regional People's Congress," he said. "I am fully in charge of handling work of various kinds and making important decisions on major matters concerning Tibet, together with other members of the committee."

He also said that the central government has devoted great attention to the training of local minority cadres. There are 30,000 such cadres, about 70 percent of the total, among whom 97 percent are Tibetans.

Timothy Fischer, head of the delegation and leader of the Australian National Party, said that the purpose of his delegation's visit is to get a full understanding of Tibet.

Fischer said that the delegation was surprised to see the changes in Tibet, citing freedom of religion enjoyed by the Tibetans and the fact that the government takes great care of the customs and institutions of the local people.

The delegation arrived in Lhasa July 6 and will leave Tibet July 12.

CPPCC Delegation Visits Lao Official

OW1107125893 Beijing XINHUA Domestic Service in
Chinese 0820 GMT 6 Jul 93

[Text] Beijing, 6 Jul (XINHUA)—The Chinese People's Political Consultative Conference [CPPCC] delegation, headed by Executive Vice Chairman Ye Xuanping, paid a visit to Saman Vi-gnaket, member of the Political Bureau of the Laos People's Revolutionary Party [LPRP] Central Committee, and chairman of the Supreme People's Council, in Vientiane today.

During the meeting, Ye Xuanping conveyed Chairman Qiao Shi's warm greetings to Chairman Saman. Ye Xuanping said that China's CPPCC will constantly develop friendly and cooperative relations with Lao Front for National Construction so as to further promote the existing friendship and cooperation in various spheres between the two countries.

On behalf of the Lao people, Saman expressed sincere thanks to the Chinese Communist Party, Chinese Government, and Chinese people for their consistent and precious assistance to the cause of liberation and construction of Laos. He said Laos would like to borrow China's experience in reforming the economic and political systems.

The Ye Xuanping-led CPPCC delegation also called on Udom Khatthi-gna, member of the Political Bureau of the LPRP Central Committee.

The Chinese CPPCC delegation will end its goodwill visit to Laos and return home on 6 July.

Extradition Treaty With Thailand Expected 'Soon'*OW1207053993 Beijing XINHUA in English 0433
GMT 12 Jul 93*

[Text] Bangkok, July 12 (XINHUA)—Thailand expects to sign an extradition treaty with China soon, making it the seventh country with which Thailand has such an agreement, Interpol commander Itsaraphan Sanitwanat Na Ayutthaya said.

Details of the agreement are being worked out by officials of the two countries with the latest round of meetings being held recently in Beijing, which involve representatives of the two nations' interior and foreign affairs ministries, Radio Thailand quoted the Thai Interpol chief as saying here on Sunday [11 July].

The Thai authorities are expected to invite representatives of their Chinese counterparts to Bangkok soon to finalize details before the official signing, he said.

Itsaraphan said Thailand would be the first country with which China had an extradition treaty.

Thailand has such agreements with Britain, Belgium, Malaysia, Indonesia, the Philippines and the United States.

China has closely cooperated with Thailand on crime suppression, particularly on anti-narcotics trafficking operations, he said.

He said a hotline system has also been set up to enable officials of the two countries to coordinate crime suppression and exchange information.

Near East & South Asia**Li Lanqing Returns From Middle East Visit***OW0907142393 Beijing XINHUA in English 1354
GMT 9 Jul 93*

[Text] Beijing, July 9 (XINHUA)—The Chinese Government delegation headed by Vice-Premier Li Lanqing ended its visit to Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Iran and Oman, and came back to Beijing by plane this evening.

At the airport, Li said the visit was successful and fruitful.

During the visit, Li briefed leaders, economists, businessmen and entrepreneurs of the seven countries on China's economic and trade situation since the beginning of its reform and opening drive more than a decade ago, its current economic and trade policies and good investment environment.

He also held talks with leaders of the seven countries on development of bilateral relations, especially economic and trade cooperative relations, and exploring new fields and ways to carry out comprehensive cooperation concerning trade, investment, economy and technology.

Meanwhile, the Chinese delegation signed economic and trade cooperation documents and cooperative letters of intent with the respective seven countries.

Staff of China's Ministry of Foreign Trade and Economic Cooperation and diplomats from relevant embassies to China went to meet Li Lanqing and his party at the airport.

Nepal's Premier: Relations 'Extremely Harmonious'*OW0907213593 Beijing XINHUA in English 1649
GMT 9 Jul 93*

[Text] Kathmandu, July 9 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala has said that Nepal's relations with China and India are extremely harmonious.

The prime minister said this while answering questions about foreign policy raised by MPs at parliament today in the course of discussions on the politics and programs of the Nepalese Government.

There is no question of any imbalance or deviation occurring in this regard, he said, stressing no activity will ever be allowed which can harm the traditional cordial ties existing between Nepal and China.

Machinery Trade Exhibition Ends in Sri Lanka*OW1107135293 Beijing XINHUA in English 1225
GMT 11 Jul 93*

[Text] Colombo, July 11 (XINHUA)—A five-day exhibition of equipment, machinery and light industrial products from China's Jiangxi Province ended here today.

Chinese organizers secured business contracts to the tune of more than 400,000 U.S. dollars.

On display were more than 5,000 samples of machinery, equipment, family electric appliances, garments, potteries, china and other light industrial products.

The exhibition was jointly launched by the Machinery Import and Export Corp. of China's Jiangxi Province and the Commercial Office of the Chinese Embassy in Colombo.

Sri Lankan Trade Ministry officials described the exhibition as a complete success as it was for the first time that all sample products on show were sold in the trade events ever held in the country.

The opening ceremony of the exhibition was attended by Sri Lankan Trade and Commerce Minister A. R. Mansoor who expressed hopes that bilateral trade between the two countries should be further strengthened while reducing the huge trade imbalance in favor of China.

West Europe**Jiang Zemin Discusses UK Secretary's Visit***HK1007050293 Hong Kong WINDOW in English
9 Jul pp 2-4*

["Exclusive" interview with Jiang Zemin, PRC president and CPC general secretary, by unidentified WINDOW reporter; place and date not given]

[Text] WINDOW: Years after the Sino-British Joint Declaration, the publication of the Basic Law and the agreement and understanding reached between China and Britain on Hong Kong's political system, the current Sino-British controversy has been stirred up by the British government and Hong Kong Governor Chris Patten. In your view, how could this issue be resolved?

GENERAL SECRETARY [Jiang Zemin]: On this question, I would like to take this opportunity to reiterate the position: In order to restore the cooperative relationship between the Chinese and British governments on the Hong Kong question, the British side must return to the orbit of the Sino-British Joint Declaration, the principle of convergence with the Basic Law and the agreement and understanding reached between China and Britain. Aside from this, there is no other way.

After a little over two years of negotiations, the governments of China and Britain signed the Joint Declaration in December 1984, thus resolving the Hong Kong question, which has been left by history.

Then, in order better to implement the Sino-British Joint Declaration, to draw up a blueprint for the future Hong Kong Special Administrative Region in the form of law, the National People's Congress spent more than four years, on the basis of the opinions solicited broadly from the various sectors of a wide spectrum of the Hong Kong community, enacted the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China.

At the same time, China and Britain repeatedly consulted on questions relating to the development of the political system of Hong Kong and its convergence with the Basic Law, ultimately reaching agreement and understanding. The signing of the Joint Declaration and the enacting of the Basic Law have received widespread acceptance and acclaim in China and Britain, in Hong Kong and internationally.

To sustain the prosperity and stability for Hong Kong during the transition period and to enable the development of the Hong Kong political system to converge with the Basic Law so as to ensure a stable transition and smooth transfer of power in 1997 is the unshirkable responsibility which China and Britain must shoulder in compliance with the Joint Declaration. Turning away from these established principles to do something else does not conform with the fundamental interests of the Hong Kong people and will set up obstructions in the way of Sino-British cooperation on the Hong Kong issue.

Now, China and Britain have begun to negotiate. This is a good thing. In these negotiations the Chinese government is sincere and it is hoped the British side will also be at one in words and deeds and will act with genuine sincerity. I hope that these negotiations will yield results and that a cooperative relationship between China and Britain on the Hong Kong issue will be restored. Naturally, this does not depend on China alone. We have the confidence and we have the capability to ensure Hong Kong's smooth transition in 1997 and its long-term prosperity and stability.

WINDOW: The succession process of China's leadership has been completed at the 14th National Congress of the Chinese Communist Party and the recently concluded Eighth national People's Congress and the Chinese People's Political Consultative Conference. In terms of national development, what is the current task of the new leadership? How will this affect Hong Kong?

GENERAL SECRETARY: Now and for the whole of the 1990s, the guiding thought is: Seize every opportunity, work solidly, accelerate reforms and push development.

Our target for the next five years is to strive for yet another new level for the national economy so that we would be able to reach the goal of quadrupling the 1980 gross national product (GNP) ahead of schedule. To do this, we have to accelerate the pace of reform, establish the system of the socialist market economy and further open up to the outside world.

In the field of economic construction, we shall strengthen agriculture as the foundation of the national economy, maintain a stable growth in agricultural production, step up infrastructure development, build up base industries, actively promote tertiary industries and robustly develop science and technology. We shall earnestly implement reforms in administrative and management systems, and in the government structure.

With economic construction as the central point, we shall promote overall progress in the whole of our society. This will include developing the socialist culture and ideology, developing socialist democracy and the legal system, the promotion of family planning and environmental protection, as well as developing education, public health and sports activities.

We shall actively promote the peaceful reunification of our motherland.

In a word, the next five years will be the crucial period for realising the second strategic objective of modernising our country. The new leadership is pooling its efforts in carrying out all of the work on all fronts in accordance with the above mentioned objectives.

China is politically stable and its economy is developing rapidly and is becoming increasingly attractive for foreign investment. Its economic cooperation with countries and regions throughout the world is continuously expanding. As an international financial and trading centre, Hong Kong will see its status further strengthened.

Many people with foresight in Hong Kong have pointed out that the "China factor" has become an important motivating force in its development. At the same time, Hong Kong compatriots have actively been taking part in investing inland, thus making their own contribution to the modernisation of the motherland. I firmly believe that, following the deepening of the reforms and open policy and the development of the national economy, relations between the mainland and Hong Kong on the basis of mutual benefit will be further enhanced in breadth and in depth and this will exert a very positive effect on Hong Kong's long-term prosperity and stability.

WINDOW: What contribution would you hope that Hong Kong could make towards the motherland in, say, the first decade after 1997?

GENERAL SECRETARY: When China resumes sovereignty over Hong Kong, we will fully implement the Basic Law to maintain Hong Kong's stable transition and its prosperity and stability. And because there have already been stipulations laid down in the Basic Law for the political system, economy and education, science, culture etc, of the future SAR [Special Administrative Region], we are confident that the post-1997 Hong Kong will be more prosperous than ever.

As an international financial, commercial, tourist, shipping and communications centre, Hong Kong will always exert an important influence on mainland's reform, its process of opening up and of modernisation. Hong Kong is an important conduit for China's import and export trade. It is also an important base for the mainland for raising capital funds and to arrange for financing. To follow the principle of "one country, two systems," to maintain Hong Kong's prosperity and stability, to assure the smooth transition of Hong Kong in 1997 and to strengthen Hong Kong's position as an international economic centre are not only in the interest of the Hong Kong compatriots but are also in conformity with the interests of the people of the whole of China.

In the first 10 years after 1997, China's economic construction will have entered a new stage: the system for socialist market economy will see daily improvements and will be even more closely linked to the global economy. The integrated strength of the nation will further grow and the standard of living for the people will see a comparatively large improvement and the vast China market itself will become ever more attractive to all the countries in the world.

Undoubtedly, that market will be the fundamental guarantee of the prosperity and stability of Hong Kong as a special administrative region of China after 1997.

Hong Kong will continue to play an important role in the modernising of the motherland.

PRC Hosts UK Secretary for Hong Kong Talks

Editorial on Secretary's Remarks

*HK0907152593 Hong Kong WEN WEI PO in Chinese
9 Jul 93 p 2*

[Editorial: "What Focal Points Does Douglas Hurd Wish To Make Clear?"]

[Text] Douglas Hurd will hold talks with Qian Qichen today. The talks will proceed according to the instrument of the Sino-British Memorandum of Understanding on the New Airport and Related Issues. The instrument for Chinese and British foreign ministers to hold regular meetings is for the purpose of promoting cooperation during the latter transition period and for a smooth handover of power. A proper solution to Sino-British cooperation on the Hong Kong issue is of major significance to the development of Sino-British relations.

In March the British foreign secretary took the initiative in announcing that if the talks on elections did not yield results, he would not go to Beijing. In July his attitude changed and he expressed his willingness to go to Beijing for consultations.

High-level consultations are, of course, conducive to exchanging views and resolving problems. Douglas Hurd's willingness to hold consultations indicates a change in tactics. At least, the hardliners' voice challenging Sino-British cooperation and setting deadlines for the completion of the talks has subsided.

The situation has really changed a lot between March and July.

In March some people thought that they could still play the "international card" and thus traveled to several countries to solicit support for Chris Patten's constitutional reform package in an attempt to exert pressure on China, feeling fully confident in themselves. But subsequently, facts proved that Japan did not support the UK's proposal; Canada, Australia, and New Zealand sent important political figures to visit China; Clinton renewed China's most favored nation status for another year. The wish to play the international card fell through.

In March some people thought that unilaterally gazetting the constitutional reform package was a powerful card. But their reputation dropped when the result was that the Hong Kong people strongly criticized this. In July their public opinion card did not work, either.

Businessmen in the home country have exerted pressure on the Conservative Party, Western nations have experienced new changes in competing for entry into the Chinese market, and the taking-off of the Asia-Pacific economy is spurring people on. Facing a low reputation, the John Major cabinet made a decision on Douglas Hurd's China visit.

China's position in international affairs should not be overlooked. It was a timely decision by the UK to choose a dialogue at foreign ministerial level to probe ways to end the deadlock. The development of Sino-British relations is beneficial to both China and the UK. China hopes that Douglas Hurd's China visit will promote Sino-British cooperation in resolving the 1994 and 1995 electoral arrangements, the new airport financial arrangements, and the problems the Joint Liaison Group needs to resolve. China's sincerity has found expression in detailed moves by the Land Commission, including approving land and franchises and making the new airport financial arrangements. The Hong Kong people hope that China's positive moves will not be wasted but will receive a well-meaning response from the British side.

British Foreign Secretary Douglas Hurd asserted that the purpose of his current visit to Beijing was not to hold talks, that he did not have new proposals to make, but that he wished to clarify the focal points of talks on the Hong Kong issue to the Chinese side. True, there is a need to clarify the focal points of talks, otherwise, if the talks deviate from the main theme and the already concluded agreements, with

excessive demands being made at will, this could be a waste of time, add more difficulties to the talks, and make it hard to reach an agreement. The main theme of the talks is to resolve the 1994 and 1995 electoral arrangements on the basis of "three conformities." As long as efforts are concentrated on the focal points, the talks will make headway. If Douglas Hurd does think that "three conformities" is the crucial point and that the 1994 and 1995 elections are the major issue, those unreasonable demands involving Chinese sovereignty after 1997 have really gone too far and hampered the talks. As long as he is willing to put these unreasonable demands aside and concentrate on important points, the talks will gain momentum and an agreement can soon be reached.

But Douglas Hurd's remarks on "Hong Kong being an international city and a political city," expressed in Singapore on 3 July, could evoke the suspicion that the British side's "constitutional reform package" target has deviated from the Sino-British Joint Declaration. Does Douglas Hurd want to take advantage of the 1994 and 1995 elections to turn Hong Kong into a city where international political forces rival each other and confront each other? If these remarks are the focal points of the talks the British side wants to clarify, this is creating obstacles to the talks about the 1994 and 1995 elections and challenging "three conformities," instead of providing an impetus for the talks.

The Sino-British Joint Declaration explicitly stresses the need to preserve Hong Kong's position as an international financial and economic center, but does not say that Hong Kong will become a political city. The 1994 and 1995 elections must conform with the Joint Declaration, the Basic Law, and Sino-British agreements. An assertion which turns an economic city into a political city is impermissible, mean behavior. If Hong Kong becomes a city where all kinds of international political forces contend with each other, this will cause unrest in the political situation and will finally remove the color from Hong Kong's economy and harm the Hong Kong people's interests. Why is it that Hong Kong will become a political city four years before British withdrawal, whereas it has remained an economic city during British administration for over 100 years, and China must accept it? Thinking about the UK's unreasonable demand to extend its political influence after 1997 during the talks, Hong Kong people will, naturally, understand why there has been no progress in the talks.

Secretary: Talks Find 'Focus'

HK0907153293 Hong Kong AFP in English 1513 GMT
9 Jul 93

[By Robert MacPherson]

[Excerpts] Hong Kong, July 9 (AFP)—British Foreign Secretary Douglas Hurd signaled Friday [9 July] an end to the war of words with China over Hong Kong, saying talks on the colony's political future are poised to make real progress. Stopping over in Hong Kong after a snap visit to Beijing, Hurd said Sino-British talks on extending democracy in the colony before it reverts to China in 1997 have

finally found focus. "They have reached the stage where substantive ideas are now coming forward ... Both sides now are talking about the future," Hurd told reporters after a half-hour meeting with Governor Chris Patten, who Friday marked his first anniversary in office here. [passage omitted]

In Hong Kong, Hurd cautioned that while his snap visit to Beijing—arranged on only a week's notice—was encouraging, it remained to be seen what the tangible results would be. "I didn't mention deadlines (for the talks to bear fruit) ... but the clock is ticking," he said, as Patten, a personal friend, moderated the press conference. "Time is not indefinite and that has been accepted by the Chinese."

Hurd said he delivered the same message in Beijing regarding Hong Kong's new airport, a 21 million U.S. dollar project that is in danger of slipping behind schedule if China does not agree soon to arrangements for its financing. "Delay is expensive. Delay is damaging to Hong Kong, and therefore delay is damaging to China," he said. While in Beijing, Hurd was told China would give its green light to the first stage of a long-delayed land reclamation scheme on Hong Kong island to accommodate the terminus of a railway serving the new airport.

Local pro-democracy activists, who fear Britain is about to water down Patten's reform proposals, greeted Hurd here with a noisy protest demanding nothing less than a full directly-elected Legislative Council. Independent councillor Emily Lau handed Hurd a letter summing up the group's demands, as several dozen supporters—including at least seven other legislators—chanted behind her: "We want full democracy, full democracy in 1995." "They have been talking with China for so many months, and it doesn't seem as if they're getting anywhere," Lau told reporters afterwards. [passage omitted]

Patten Comments on Talks

HK1007040293 Hong Kong SOUTH CHINA
MORNING POST in English 10 Jul 93 pp 1, 3

[Report by Fanny Wong and John Kohut in Beijing]

[Excerpts] Hong Kong could still be handed over to China in a strong and wealthy state even if Britain had to go it alone on the territory's constitutional reform plan, Governor Chris Patten said yesterday. Mr Patten made the remarks only hours after Foreign Secretary Douglas Hurd concluded his whirlwind visit to Beijing, where he and Beijing leaders agreed to speed up talks for a smooth transition of the political structure.

In an interview with the South China Morning Post, Mr Patten said the British side was prepared to see negotiations involving some give and take. "But you can't give away principles. What you can do is negotiate for different routes to achieve them," he said on the first anniversary of his governorship.

His packed programme yesterday began at a 7.30 am breakfast with friends, meeting Mr Hurd during a three-hour stopover, and finished at 2.30 am this morning after observing an operation to catch illegal immigrants trying to cross the border. When asked if Hong Kong could still

continue to prosper even if Britain had to go its own way on political reforms, Mr Patten said: "Absolutely right." [passage omitted]

Later, Mr Patten pointed out that Hong Kong could still live without reaching an agreement with China on the 1994/95 electoral arrangements. "What's happened since last October...the Hang Seng Index is 20 percent higher; the Hong Kong economy is doing astonishingly well.

"There are problems with the Chinese economy which might affect us. I very much hope and expect that China will be very much able to cope with inflationary problems.

"We have come through last year with a great deal of resilience, self-confidence and with Hong Kong people discovering that it is possible to do with what they said they wanted to and to stand up for Hong Kong without being catastrophic.

"Let's be realistic...if nobody stands up for Hong Kong you don't have 'one country, two systems', you have 'one country, one system'."

Despite this, the British side was still engaged in negotiations with China because "we will do better, and I believe the best outcome would be one negotiated settlement without abandoning our principles." Mr Patten said: "The worst solution would be a negotiated settlement in which we abandoned our principles. What would be the point of having elections at all if the elections were, in a sense, a rig."

He said he believed the constitutional matter was the most difficult of the issues left unresolved. But with good will, the two sides could still get a settlement, although it would not be easy. "Our objective is still arrangements in 1994 and 1995 which are fair, open and acceptable to the people of Hong Kong.

"Our objective is still to have clear criteria for those legislators who are elected in 1995 and wished to travel the so-called through-train to 1999.

"I hope we can achieve them in negotiations. We could have had an end to the talks already if we simply abandoned our principles. But would that really be conducive to political stability? I think people who suggested that are kidding themselves.

"What we need is an outcome which remains firmly rooted in the principles that we have set out." "And would it really be the first act of the Chinese sovereign to throw some legislators out," he said. "We know what would happen if that is the case. We know what the uproar would be.

"We know that it wouldn't be conducive to political stability. We know, in addition, that in the subsequent by-elections, the same candidates for those who supported them would win by an even larger majority." He predicted "some difficult times ahead".

"Anybody who thinks that it will be a completely smooth ride until 1997 is kidding himself. How could it be?

"I am not being excessively pessimistic. I am not inviting a headline 'terrible problems ahead'. I am just stating the obvious."

Editorial on Talks

*HK1007053893 Hong Kong TA KUNG PAO in Chinese
10 Jul 93 p 2*

[Editorial: "On Hurd's Two Principles"]

[Text] British Foreign Secretary Hurd made some achievements during his Beijing visit. We will still have to examine the coming events and facts to see whether these achievements can give impetus to the ongoing Sino-British talks.

The hospitality accorded to Hurd during his one-day visit to Beijing shows China's sincerity in improving and developing Sino-British ties, maintaining Hong Kong's prosperity and stability, and ensuring Hong Kong's smooth transition. For example, China's supreme leader Jiang Zemin met Hurd and his entourage. The Chinese side ratified the reclamation plan for Central and Wan Chai, made arrangements for two Sino-British Joint Liaison Group meetings, and decided that the two countries' foreign ministers will meet again in September in New York. All this shows that the Chinese side has manifested its maximum sincerity. If no agreement can be reached in the future talks—as said by Hurd—the British side will be held accountable.

Although the British side is trying to avoid the term sincerity, it represents an objective reality which is known to all. An agreement can be reached and problems can be resolved only when both sides have sincerity. In the future talks, we hope that the British side will genuinely demonstrate its sincerity in cooperating with the Chinese side and in abiding by the agreements reached, will sincerely maintain Hong Kong's prosperity and stability, and will work for the benefits of the Hong Kong people.

True, the pace of the talks on arrangements for the 1994/95 elections in Hong Kong must be accelerated, and efforts should be made to reach an agreement at an early date. According to the agenda of the current talks, both sides have agreed to focus on the arrangements for the 1994/95 elections. Hurd, however, again proposed arrangements for the "through train" in 1997. Both sides had agreed that the talks would be based on the "three conformities," but Hurd proposed the "two important principles" of being "open, fair, and acceptable to the Hong Kong people" and the "through train." Can we accelerate the pace of the talks by placing new obstacles and frequently raising new difficult issues? Is it even possible to reach agreement on some issues which demand prompt solution?

Maintaining economic prosperity and social stability is in the interest of the Hong Kong people. The two countries should implement the agreements reached and abide by the commitment to converge with the Basic Law politically, economically, and in other fields. This is the guarantee for safeguarding the Hong Kong people's interests. How can the solution possibly be fair and acceptable to the Hong Kong people if we deviate from the Sino-British

Joint Declaration, convergence with the Basic Law, and the agreements and understanding reached between the two countries? If the British side truly wants to work for the benefits of the Hong Kong people, maintain Hong Kong's prosperity and stability, and ensure Hong Kong's smooth transition, it should confirm the commitments and agreements reached between the two sides, should assess the detailed issues in light of the agreements and commitments already made, and should not raise side issues.

The National People's Congress [NPC] laid down the criteria for the "through train" long ago. As for who will be allowed to take the "through train," it will be a matter for the future Preparatory Committee of the Special Administrative Region [SAR]. Patten said that Article 140 of the Basic Law provided "sufficient" and "objective" criteria for the through train; that is, it will be enough to swear to uphold the Basic Law and swear allegiance to the SAR government. This constitutes a distortion of the Basic Law. TA KUNG PAO has already commented on this. Upholding the Basic Law and allegiance to the SAR government are the necessary conditions for taking the "through train," but these are not enough. It is also necessary to meet the requirements of Article 67, Article 79, and the NPC Decision on the Formation of the First SAR Government and Legislature.

Some people maintain that China and the UK have had no objections to the through train criteria of upholding the Basic Law and allegiance to the SAR government. This is not true. The upholding of the Basic Law and allegiance to the SAR government stipulated by the NPC should be expressed in words as well as in deeds. Apparently, the "criteria" mentioned by Patten referred to words, not deeds. If individuals who verbally swear to uphold the Basic Law and maintain their allegiance to the SAR government, but whose deeds violate these tenets are accepted, it would mean giving the green light to individuals who have "a Chinese face, but a British heart." If the stipulations are to be confirmed by the SAR Preparatory Committee, those who intend to take the through train will be asked: Do you really uphold the Basic Law and are you truly faithful to the SAR government? Have you done anything against the Basic Law or which undermines the interests of the SAR? Those who do what they say, uphold the Basic Law, and are faithful to the SAR government can of course take the through train. The others will probably have to get off the train halfway. This is fair and reasonable. Not allowing those who oppose the Basic Law and SAR government to enter the legislature is the same as the British Queen not allowing a person who opposes the British Government, the "Imperial Edict," and the "Royal Mandate" to become the governor of Hong Kong.

Here, we would like to urge Mr. Patten, who "claims to have read the Basic Law more thoroughly than the Bible," to read Article 79 again. This article says that "the president of the Hong Kong SAR Legislative Council shall declare that a member of the Council is no longer qualified for the office under any of the following circumstances," of which the seventh point is "when he or she is censured for misbehavior or breach of oath." As the members elected

under the SAR and who have made an oath can be disqualified if he or she is "censured for breach of oath," why can't we ask the legislative members elected under British colonial rule who intend to take the through train: Have you done anything which constitutes a breach of your oath of "upholding the Basic Law" and maintaining "allegiance to the SAR government"? Can we allow those who do not intend to honor the oath and who opposed the Basic Law and the establishment of the SAR to become members of the legislature?

On the question of the "through train," the essence lies in confirmation and vetting rather than objective criteria. The powers of vetting and "confirmation" by the SAR Preparatory Committee are absolutely necessary.

Results Viewed in Editorial

HK1007082493 Hong Kong WEN WEI PO in Chinese
10 Jul 93 p 2

[Editorial: "Looking Forward Is Conducive to Settling Issues"]

[Text] British Foreign Secretary Douglas Hurd said that his arrival in Beijing for talks was "timely." The results of his meeting with Qian Qichen showed that it was better for him to come then than not at all; at least, the two sides could exchange views on various related issues, including Hong Kong. The two sides expressed their agreement to accelerate the progress of the talks, that the Joint Liaison Group would meet in Beijing in September, and that the Chinese side gave the green light to the land reclamation project along central and Wan Chai. In addition, the two sides agreed to conduct another round of talks between the foreign ministers.

Chinese State President Jiang Zemin met with Douglas Hurd. This was an action that showed China's diplomatic style as a large country as well as the sincerity and responsible attitude of the Chinese side in implementing the Joint Declaration and safeguarding Hong Kong's stable transition. With good intentions, Jiang Zemin told Douglas Hurd: "As long as both the Chinese and British sides stand tall, take a long view, and strictly abide by the three principles, it will not be difficult for China and Britain to reach agreement in their talks on the Hong Kong issue."

Only when one "stands tall and takes a long view" will it be possible for one to have a clear picture of the situation and the long-term interests. Hurd also said: "I hope that the unpleasant experiences the two sides shared not long ago will become history and that trust and cooperation will be restored between Britain and China." "The potential for Sino-British cooperation in economic relations and trade are tremendous, and we should try to give play to such potential. The UK would like to do more business with China." There should be no conflict in strategic interests between China and the UK. Everybody knows the present condition of the British economy, and doing more business with China and opening its market are in the UK's long-term interests. The initialing of the Sino-British Joint Declaration on the Question of Hong Kong was based entirely on both sides' long-term interests and recognized the fact that Sino-British cooperation would be conducive

to implementing the smooth transfer of government, safeguarding the prosperity and stability of Hong Kong, and complying with the common interests of the two countries.

During talks between the Chinese foreign minister and the British foreign secretary, Douglas Hurd agreed to Qian Qichen's proposal to work hard to restore "trust and cooperation," and this is a positive attitude. In relations between states, there should not be any breach in the agreements and commitments that have been reached; should faith be broken, it would be very difficult to win the trust of the other side, and longer-term cooperation would be out of the question. This being the case, the Chinese side has laid great stress on sincerity in the Sino-British talks on the arrangements for the 1994/1995 elections. The criteria for sincerity are the "three conformities" in restoring trust and cooperation. The Joint Declaration, the Basic Law, and the letters exchanged between the Chinese foreign minister and the British foreign secretary have made clear stipulation on the principles and main points regarding the 1994/1995 elections. The Chinese side has explicitly set out its proposals, and it is now up to the British side to respond. The Chinese side will be pleased to see a faster pace in the talks, and there are no hurdles whatsoever on the Chinese side. This being the case, Jiang Zemin said: "As long as the three principles are strictly followed, it will not be difficult for the Chinese and British sides to reach agreement on the Hong Kong issue."

The "through train" issue set out by the British side has become a hurdle. In the Basic Law Annex II and the National People's Congress [NPC] decision, the criteria for the through train are not subjective; they are very objective. Precisely, they are as follows: Support of the Basic Law, loyalty to the Special Administrative Region [SAR] government, compliance with the relevant stipulations in the Basic Law, and recognition of the Hong Kong SAR Preparatory Committee. The Basic Law was promulgated in 1990, seven years ahead of the founding of the SAR government. That was done entirely in consideration of being conducive to the transfer of power and of being helpful to those people who are planning to participate in Hong Kong people ruling Hong Kong after 1997, so that they would have something to abide by. Whether one supports the Basic Law depends on whether one's actions fall in line with the stipulations in the Basic Law, not some other subjective criteria. The birth of the First SAR Legislative Council involves a transfer of government; therefore, it must be recognized by the preparatory committee. Any attempt to make the preparatory committee a mere figurehead and avoid necessary procedures for the transfer of power would violate the three conformities. The NPC guidance prior to 1995 will be decisive should all candidates participating in the 1995 direct elections for council members want to learn ahead of time whether they meet the criteria.

Yesterday, Qian Qichen and Lu Ping simultaneously expressed their stand on opposing any effort to make Hong Kong a political city. Any attempt to make arrangements for the 1994/1995 elections through unilateral legislation or to pursue an unconditional through train to fulfill the

plan for turning Hong Kong into a political entity and change Hong Kong into a city where anti-Chinese politicians and international political forces start political confrontation is doomed to failure. In the wake of the meeting between the Chinese foreign minister and the British foreign secretary, the British side should have a clearer idea that the statement "stand tall and take a long view" is a very appropriate piece of advice. We hope that London will get rid of the interference of the politician who asserts that "Hong Kong will survive even without an agreement on the Hong Kong issue" and will make a wise selection.

Zhu Rongji Receives French Premier's Envoy

OW1007131293 Beijing XINHUA in English 1234 GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Jacques Friedmann, special envoy of the French prime minister, here today.

Friedmann, who arrived here Friday [9 July], delivered a personal message from French Prime Minister Eduard Balladur to Chinese Premier Li Peng during the meeting.

Zhu welcomed the new French Government's sending a special envoy to China.

According to an official from the Chinese Foreign Ministry, Zhu said Sino-French relations in various areas have been good for most of the time since the two countries established diplomatic relations (in 1964).

In recent years, Zhu noted, the French Government of the Socialist Party "made the wrong decision" of selling weapons to Taiwan, thus undermining the basis of Sino-French relations.

Zhu said both China and France are among the important nations in the world and the improvement of bilateral relations is conducive not only to the two countries, but to world peace and stability.

"We hope that the new French Government adopts practical measures so as to return bilateral relations to the sound track based on the principles concerning the establishment of diplomatic relations," Zhu was quoted as saying.

According to the Chinese Foreign Ministry official, Friedmann said during the meeting that the foreign policy pursued by the new French Government is in compliance with the doctrines outlined by General de Gaulle, and the French Government attaches importance to China's position and role in international affairs.

The French side is willing to discuss with the Chinese side on how to overcome the difficulties in bilateral relations, Friedmann was quoted as telling Zhu.

Chinese Vice-Foreign Minister Jiang Enzhu and Chinese Ambassador to France Cai Fangbo were present at the meeting.

East Europe

PLA Logistics Head Departs for East Europe

*OW0207002193 Beijing XINHUA in English 0939
GMT 1 Jul 93*

[Text] Beijing, July 1 (XINHUA)—General Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department of the Chinese People's Liberation Army (PLA), left here by air today for a goodwill visit to Romania, Hungary and Poland.

He has been invited by the defense ministries of the three countries.

Sees Romanian Defense Minister

*OW1107130093 Beijing XINHUA Domestic Service in
Chinese 0138 GMT 5 Jul 93*

[By reporter Zheng Jian (6774 1017)]

[Text] Bucharest, 5 Jul (XINHUA)—Lieutenant General Spiroiu, Romanian defense minister, met with General Fu Quanyou, member of the Central Military Commission of the People's Republic of China and director of the General Logistics Department of the Chinese People's Liberation Army (PLA), and his party on 5 July. Both sides held cordial and friendly talks.

Spiroiu briefed the Chinese side on the building and reform of the Romanian Army, and Fu Quanyou briefed him on the achievements of China's reform and opening and army building. Both sides expressed the hope to further strengthen the friendly and cooperative relationship between the armies of the two countries.

General Fu Quanyou arrived in Romania for one-week visit on 1 July at the invitation of Lieutenant General Spiroiu. During his visit, he exchanged experiences with Major General Budiaci, Romanian Army's acting logistics director, on army logistics work. He also visited some military units and industrial and agricultural projects in the capital and in other places of Romania.

Political & Social**Veteran Shanghai Dissident Jailed Again***HK1207112193 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 93 p 1*

[Article by Chris Yeung]

[Text] Shanghai police have sentenced a veteran dissident of the Democracy Wall Movement to three years in a labour camp for inciting recent activities by other dissidents, according to his wife.

Li Liqing said last night that police had shown her a document of Fu Shenqi's sentence on Saturday, but it did not give any official reasons. She said she went to the Shanghai police headquarters in the afternoon for an explanation. They said Fu had "incited trouble" among Shanghai's dissident community.

Ms Li said: "They said Fu Shenqi was connected with letters written to the National People's Congress by (another dissident) Zhang Xianliang. They said he had incited four other activists to stage a hunger strike. "They said he had given interviews to foreign journalists. This is an absurd explanation," she said. The four activists staged a hunger strike outside police headquarters when Zhang was arrested in early June.

Ms Li maintained that what Fu had done was entirely lawful. "What the other activists did was legal. If they had broken the law, you might say Fu could have been charged with incitement. Furthermore, Fu did not play any part in their activities," she said. Ms Li said she had asked for information from the police on the whereabouts of Fu but was told that they were not authorised to tell her. "Since we cannot see him we have no idea about his condition. We plan to sue the Government for that," she said. Ms Li said she believed Fu would appeal against his sentence.

Fu was taken away by police on June 26 along with fellow political activists Yang Zhou and Wang Fuchen. They had planned to meet an Australian journalist who was in Shanghai to cover a visit by the Australian Prime Minister, Paul Keating. Both Yang and Wang were released after a brief detention. Fu had been jailed in the 1980s for taking part in the 1978-79 Democracy Wall Movement, and spent two years in jail for publishing an underground democracy magazine in 1990.

Ms Li said Fu had devoted himself to doing business and had few contacts with other political activists.

Further on Sentencing*HK1207110393 Hong Kong AFP in English 0935 GMT 12 Jul 93*

[Text] Beijing, July 12 (AFP)—Veteran dissident Fu Shenqi was arrested by police in Shanghai and sentenced at the weekend to three years in a labour camp, dissidents in the port city said here Monday.

Fu, a dissident for more than 10 years who had already done time in prison for his involvement in the Democracy Wall movement in 1978 and 1979, was arrested on either June 28 or June 29.

Police accused him of encouraging a hunger strike by other Shanghai dissidents, said Yan Huili, wife of dissident Zhang Xianliang who was himself detained on June 6 in Shanghai following the fourth anniversary of the massacre of pro-democracy demonstrators around Tiananmen Square. Yan said she had not seen her husband since.

"Four dissidents came to my house after the arrest of my husband and we decided to hold a hunger strike. Fu Shenqi arrived after they left and did not take part in that decision," Yan said.

In China, police can sentence someone, without trial, to up to three years of "reeducation through labour."

Zhang Xianliang, 48, was a leading activist in the Democracy Wall movement for which he served a five-year prison sentence.

His wife said she had not heard from him since June 6.

"I can't bear this situation. The police have a contemptible attitude. My 26-year-old daughter has lost her job for having spoken to a journalist on American radio. If the police continue to remain silent about my husband, I am going to reveal all I have endured for more than 10 years," she said.

Public Security Minister Tao Siju was quoted Monday by the periodical Digest News as saying that "all the students" sentenced for having taken part in the Tiananmen Square protests in June 1989 "have been freed."

Tao added that "other elements who indulged in extortion" during that period and "certain important personages" were in prison "where they are being well treated."

Among the "important personages", Tao cited Wang Juntao and Bao Tong, who were according to him in good health since their arrival in prison.

Wang, 35, was sentenced to 13 years prison for taking part in the pro-democracy demonstrations in Beijing in 1989.

According to his family, he suffers from chronic hepatitis.

"He was unwell before his arrest," Tao said. "But he was well cared for and his recovery is going well."

Bao Tong, 60, was the right hand man of Communist Party General Secretary Zhao Ziyang, sacked in June 1989.

He was sentenced last year to seven years' imprisonment and has undergone several surgical operations while in detention.

Japanese Paper Reports Deng Undergoes Cancer Surgery*HK0907145093 Hong Kong Television Broadcasts Limited in English 1200 GMT 9 Jul 93*

[From the "News at Eight" program]

[Text] A leading Japanese newspaper is reporting that China's leader Deng Xiaoping has undergone surgery for cancer of the testicles. The YOMIURI SHIMBUN quotes Western sources as saying that the operation took place at

a military hospital in Beijing early last month. The paper says Deng is now resting and receiving treatment at home.

Deng, who has not been seen in public for many months, turns 89 in August.

Article Notes Deng Opposes 'Personality Cult'

HK1207060093 Hong Kong CHING PAO in Chinese
No 7, 5 Jul 93 p 40

[Article by Chen Chieh-hung (7115 3381 1738): "Deng Xiaoping Opposes Creation of his Personality Cult"]

[Text] According to informed sources close to Zhongnanhai, CPC General Secretary Jiang Zemin read a letter written by Deng Xiaoping at a full meeting of the Political Bureau in early June. The letter was written to General Secretary Jiang Zemin and to the members of the entire Political Bureau at the end of May, after Deng learned that the Political Bureau and the State Council had decided to organize large-scale exhibitions on the great achievements of Deng Xiaoping theory [deng xiao ping li lun 6772 1420 1627 3810 6158] in Beijing, Shanghai, Guangzhou, and Dalian and to build Deng Xiaoping statues in Beijing, Shanghai, Shenzhen, Zhuhai, and Tianjin. Deng Xiaoping wrote "an old party member and long-time fighter" before his name as his title. After sending the letter, Deng Xiaoping instructed Gu Mu and Wang Ruilin, director of the Deng Office, to relay the following words to Jiang Zemin: I am not humble or anything. I am just practical; if exhibitions are singing my praises, it will make me uncomfortable. I thank the people and cadres very much for the respect they have shown me. As long as I am healthy, I am willing to do more for the party's undertakings.

Deng Says the Credit for Chinese-Style Theory Does Not Rest With One Person

According to the informed source, Deng said in the letter: The proposal for building socialism with Chinese characteristics is not solely a result of my own wisdom and talent; it represents a summation of our party's collective wisdom and a crystallization of the efforts made by people from various strata in our country and the price they have paid in the course of building the country over the past 30 years. The theory of building socialism with Chinese characteristics has been accepted by the entire party and people throughout the country because—as practice over the past 10 years has repeatedly shown—it is in accordance with the conditions of the country. I am not idealistic, and, in the years to come, this theory has to be developed, improved, and enriched. Regarding this theory, some comrades in the party, including some venerable comrades, do not agree with it, do not completely agree with it, have reservations about it, or are opposed to it; they said the theory was in essence a revision and distortion of Marxism-Leninism. Should the Communist Party, having become a ruling party, still see the most essential element of Marxism-Leninism to be "struggle" and "criticism" and consider these to be their long-term central task? Some of our comrades still cannot cast off the shackles of the dogmatism of the 1950's, the 1960's, and the 1970's; they still cannot change their way of thinking when pondering

and summing up the serious setbacks in the course of our country's construction and the lessons from the Soviet Union and East Europe.

Do Not Say That Deng Xiaoping Theory Is Very Great

Deng Xiaoping also said in the letter: I mentioned to Big Hu (Hu Yaobang), Ziyang, Zemin, Big Li (Li Peng), and Qiao Shi that there is no need to hastily affirm a certain kind of doctrine or thinking; there is no need to say "Deng Xiaoping theory" is very great, extremely correct, and exceptionally thorough. When you do this sort of thing too much, you will find yourself in a very passive position, and this does not represent the solemn attitude of a ruling party. I am not wiser than Marx and Lenin, nor am I wiser than anyone inside and outside the party; I just have a bit more of the positive and negative experiences from work. I am not superstitious, nor am I enthusiastic about dogmas; I have simply worked with each one of you to make a systematic summation. You have generalized and proposed "Deng Xiaoping theory," but it is neither penetrating nor perfect; in future practice, it will have to be enriched, improved, and revised in some aspects. If we simplistically view this theory as an eternal and constant theory, then it is not in accordance with scientific spirit or with this epoch's law of development.

Wan Li Praises That Deng Xiaoping's Finest Point Is His Pragmatism

The informed source went on to say: At a recent meeting on the daily life of old party cadres, Wan Li said that the finest element of Comrade Xiaoping's ideas and theories is his pragmatism, that is, his courage to break the conventions prescribed by books and doctrines and to refrain from creating new conventions. This is the spirit of dialectical materialist that is so rarely seen among Chinese and foreign leaders and politicians.

According to the informed source, Deng Xiaoping repeatedly said: At the eighth party congress, Shaoqi and I were opposed to the creation of the Mao Zedong personality cult, and, at the Central Work Conference in December 1978, the comrades and I opposed the personality cult again. We communists are dialectical materialists and we sing The Internationale—how can we participate in a personality cult?

Deng Said To Endorse Zhu Rongji Economic Assignment

HK1107083093 Hong Kong MING PAO in Chinese
11 Jul 93 p 17

[Report by special reporter Chung Chih-ming (6945 1807 2494): "Deng Xiaoping Endorses Zhu Rongji Assignment To Be Fully in Charge of the Economy This Year"]

[Excerpts] The CPC Central Committee and the State Council will send out 10 central investigation teams in mid and late July to 20 provinces, autonomous regions, and municipalities directly under the central government to inspect the implementation of CPC Central Committee Document No. 6 and the guidelines laid down by the national conference on financial work. CPC senior leader

Deng Xiaoping has endorsed the Political Bureau's recommendation for Zhu Rongji to be fully in charge of economic affairs this year.

Premier Li Peng, who remains in the hospital, once again authorized executive Vice Premier Zhu Rongji to preside over the second State Council plenary session yesterday. The meeting first heard a briefing on a great deal of information collected during recent State Council investigations. The participants reached a consensus again on the current economic situation in the country and the measures to be taken. Zhu Rongji emphasized in particular: With regard to the measures to be taken in readjustment operations during the latter half of the year, all departments under the State Council must stick to the common understanding and act in unison. As there is limited time, it is necessary to achieve genuine results as quickly as possible. At the same time, it is necessary to strive to maintain the momentum of economic development, and drastic ups and downs must be avoided at all costs.

The meeting decided that the CPC Central Committee Organization Department, the Central Discipline Inspection Commission, the State Planning Commission, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Finance, the People's Bank of China, the Ministry of Construction, the State Exchange Control Administration, and the Ministry of Agriculture will jointly organize investigation teams to conduct surveys as to the implementation of CPC Central Committee Document No. 6 and the guidelines laid down by the national financial conference in 20 provinces, autonomous regions, and municipalities directly under the central government, specifically: Fujian, Guangdong, Guangxi, Hainan, Sichuan, Shaanxi, Jiangsu, Zhejiang, Shandong, Shanghai, Beijing, Tianjin, Henan, Hebei, Shanxi, Hubei, Anhui, Liaoning, Jilin, and Heilongjiang.

In the past, the vice governors in charge of financial work from various provinces and autonomous regions used to attend national financial conferences. It has been said, however, that this year Zhu Rongji only asked officials in charge of local banking systems to attend the meeting, based on the following consideration: If provincial officials were present at the meeting, it would be difficult for officials in charge of local banking systems to reveal the true situation; information about the meeting would leak out very quickly; and thus provinces and autonomous regions would promptly take countermeasures to offset the central authorities' policies and hide actual problems. For the same reason, an investigation operation was to be launched as soon as the national financial conference ended.

The central authorities are very serious about the investigation operation this time. The investigation teams have been authorized to take organizational actions and order personnel reshuffles as soon as any problem is discovered and responsibilities are fixed. Zhu Rongji is in charge of the whole operation and will be assisted by other vice premiers (except Qian Qichen) and state councillors.

An informed source in Beijing has revealed that the CPC Central Committee Political Bureau held another special meeting late last month to discuss Li Peng's health condition, and the participants unanimously agreed to assign Zhu Rongji to be in charge of the economic readjustment operation in the days to come, because Li Peng's health does not permit him to undertake the heavy task of straightening out economic order nationwide. The decision was reported to Deng Xiaoping. It has been said that Deng Xiaoping endorsed the Political Bureau's decision and, at the same time, demanded that measures be taken to protect local authorities' initiative in reform and development and that the readjustment operation be completed as soon as possible. Deng also said that Zhu Rongji should not be subject to interference and should be given free rein to do whatever he thinks is right.

The participants in yesterday's State Council plenary meeting addressed the fact that some people have recently been attributing the current economic problems to an excessively fast pace of reform, and once again they reached a consensus. The meeting pointed out that the important remarks that Deng Xiaoping made during his southern tour last year and the Spring Festival this year and the market economy theory and guidelines on emancipating the mind and accelerating reform and construction put forth by the 14th CPC National Congress are all correct and are definitely have not caused the current economic problems. Instead, the problems have arisen due to new contradictions that have emerged in the course of progress; the measures adopted by the central higher leadership to intensify macroeconomic regulation and control are necessary and correct and they have never sought to return to the old rut of the planned economy. However, the meeting made no mention of the Government Work Report delivered by Li Peng during this year's National People's Congress session. [passage omitted]

The informed source also revealed that the growth rate for the country's overall investment scale will still remain as high as 50 percent during the rest of the year, with that for state-owned enterprises rising to even 70.7 percent. The current agricultural harvest outlook has somewhat comforted the central authorities, as it is expected that the summer grain harvest will possibly increase by 3 billion kg over last year. How high the year's total harvest will be will primarily depend on the autumn grain harvest.

Beijing economic experts predict that China's GNP growth will be approximately 14 percent for the first half of the year and will decline slightly by the end of the year. The inflation rate will be 19.6 percent in May and will increase to 20 percent in June. The higher Beijing authorities hope to keep the inflation rate below 20 percent by the end of the year. The retail price index has averaged 12.5 percent during the first half of this year; for the 35 large cities, the figure has averaged 17 percent.

Zhu Rongji Chairs State Council Session

OW1007122293 Beijing XINHUA Domestic Service in Chinese 1027 GMT 10 Jul 93

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 10 Jul (XINHUA)—The State Council today held a second plenary session to make plans for implementing the measures of the party Central Committee and the State Council on tightening macroeconomic regulation and control and on making current economic work a success. In keeping with a decision by the party Central Committee and the State Council, the session announced plans for sending 10 central investigative groups over the next few days to 20 provinces, autonomous regions, and municipalities to oversee and inspect the way the measures are being implemented in various localities.

Entrusted by Premier Li Peng, Vice Premier Zhu Rongji presided over today's State Council plenary session, setting forth demands regarding the work of various State Council departments, and making mobilization plans and arrangements for effectively implementing the major policy decisions of the party Central Committee and the State Council. During the session, Luo Gan, state councillor and State Council secretary general, related the process of forming the 10 central investigative groups. Comrades who spoke at the session included State Council Vice Premiers Zou Jiahua, Qian Qichen, and Li Lanqing, as well as State Councillors Song Jian and Chen Junsheng.

Participants in the session noted: Inspired by Comrade Deng Xiaoping's important talks and by the guidelines of the 14th national party congress, the broad ranks of cadres and people have emancipated their minds and seized opportunities to accelerate reform and construction. Our country's current economic situation is generally favorable. The process of development, however, has engendered some new contradictions and problems as our country's economy continues to stride forward. The analysis of the current economic situation by the party Central Committee and the State Council is consistent with reality, and the various macroeconomic regulatory and control measures taken by them are imperative and correct.

Participants in the session pointed out: Seeking a unity of thinking in the whole party—particularly among the responsible persons in all localities and departments—is the key to successful implementation. Strengthening macroeconomic regulation and control is currently a pressing task for successfully carrying out economic work, and straightening out financial order is a principal means for tightening macroeconomic regulation and control. Instead of cutting down expenses in an all-around way, the effort to tighten macroeconomic regulation and control is aimed at carrying out restructuring, adjusting the allocation of funds in accordance with industrial policy, and optimizing the industrial structure.

Participants in the session urged all State Council departments and governments in all localities to earnestly conduct studies, seek a unity of thinking, act quickly, pay close attention to implementation, step up investigations and studies, and draw up specific plans and measures for implementation in light of the actual conditions of localities and departments. The participants also called for conscientiously making arrangements regarding work in the second half of this year in the course of implementation; for vigorously and correctly publicizing the major

policy decisions of the party Central Committee and the State Council; for persisting in "handling two types of work at the same time" without relaxing either; and for making relentless efforts to build a clean and honest government and to fight corruption.

Participants in the session stressed: The various policies and measures promulgated by the party Central Committee and the State Council for successfully carrying out current economic work have created very favorable conditions for further accelerating reform, opening up, and the establishment of a socialist market economic system. We must show enthusiasm and do solid work under the leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus, in order to maintain China's rapid, stable, and sustained economic development.

State Councillors Ismail Amat and Peng Peiyun, together with other delegates to the State Council's plenary session in Beijing, attended today's session.

State Council Appoints New Personnel

OW1007084793 Beijing XINHUA Domestic Service in Chinese 0421 GMT 7 Jul 93

[Text] Beijing, 7 Jul (XINHUA)—The State Council recently appointed and removed a number of state functionaries.

Liu Jimin, Li Shuwen [2621 2885 2429], and Zhang Kezhi [1728 0344 2535] were appointed deputy secretaries general of the State Council; Wang Julu and Zhang Geng [1728 5087] were appointed justice vice ministers; and Xie Zhenhua was appointed director of the State Environmental Protection Bureau.

Wang Shuming and Li Changan were removed from their post as deputy secretaries general of the State Council, Jin Jian and Guo Dezhi from their post as vice justice ministers, Xie Gaojue from his post as vice minister of posts and telecommunications, and Qu Geping from his post as director of the State Environmental Protection Bureau.

State Council Decision on Reforming Organs

OW1007042993 Beijing XINHUA Domestic Service in Chinese 0211 GMT 10 Jul 93

[Text] Beijing, 10 Jul (XINHUA)—During the reform of State Council organs, the organizations directly under the State Council have been adjusted from 19 to 13 and its working organizations from nine to five. The state bureaus directly under the State Council ministries and commissions will no longer be established. Institutions directly under the State Council have also been adjusted. The following decision was reached by the State Council on 19 April 1993:

1. The 13 organizations directly under the State Council are:

State Statistical Bureau
State Administration of Taxation
PRC State Administration for Industry and Commerce
State Environmental Protection Bureau
State Land Administration Bureau

State Press and Publications Administration
 PRC General Administration of Customs
 PRC National Tourism Administration
 Civil Aviation Administration of China
 State Council Bureau of Legislative Affairs
 State Council Bureau of Religious Affairs
 Councillors' Office of the State Council
 State Council Government Offices Administration
 Bureau

2. The 5 working organizations under the State Council are:

Office of Foreign Affairs
 Office of Overseas Chinese Affairs
 Hong Kong and Macao Affairs Office
 Special Economic Zones Office
 State Council Research Office

3. The State Council has established 8 institutions directly under its jurisdiction:

China General Council of Light Industry [zhong guo qing gong zong hui 0022 0948 6535 1562 4920 2585]
 General Textiles Council of China [zhong guo fang zhi zong hui 0022 0948 4791 4930 4920 2585]
 XINHUA NEWS AGENCY
 Chinese Academy of Sciences
 Chinese Academy of Social Sciences
 State Council Development Research Center
 Meteorological Administration of China
 Patent Office of China

In addition, the Taiwan Affairs Office and the Information Office will remain under the State Council.

Organization Department Urges Studying Jiang Speech

HK0707133593 Beijing RENMIN RIBAO in Chinese
 3 Jul 93 p 1

[Report: "The Organization Department of the CPC Central Committee Issues a Circular Urging the Study and Implementation of the Guideline Set Forth in Jiang Zemin's Speech to the 1 July Forum"]

[Text] Beijing, 2 Jul (RENMIN RIBAO)—The CPC Central Committee Organization Department issued a circular today calling on organization departments of all provincial, autonomous regional, and municipal party committees as well as organization departments of the organs under the CPC Central Committee and of the work committee for central government organs to study and implement the spirit of the speech given by Jiang Zemin at the forum to mark the 72d anniversary of the CPC's founding in connection with their work.

The circular states: On the eve of 1 July, Comrade Jiang Zemin gave an important speech at the forum to mark the party's birthday. This speech further expounded the general objectives and requirements for strengthening party building and improving party leadership under the new situation and set forth new tasks of strengthening the party ideologically, organizationally, and in terms of work style. His speech is of great importance because it serves as a

guideline in our efforts to strengthen and improve party leadership and party building and to raise the quality of party members and cadres.

The circular continues: Organization departments at all levels must conscientiously study the speech in connection with their work, evaluating the experience in party building over the last few years and identifying the weak links, so that they can work out measures to improve their work. At present, they must make great efforts to strengthen the newly elected leading bodies ideologically and in terms of work style, stressing the need for the entire party to maintain a high degree of unity ideologically, politically, organizationally, and in actions; to improve work style in a down-to-earth manner; and to establish close ties with the masses. They should continue to develop party organizations at the grass-roots level and bring into full play the role of party organizations as a fighting force. Organization departments at all levels must acquire a better understanding of the important thesis that "as the reform deepens, China opens more widely to the outside world, and the economy grows more prosperous, there will be all the more need for us to strengthen party leadership and party building," studying new situations, solving new problems, and assessing new experiences. They should do practical work to do a good job of party building under the new situation.

Beijing Radio on Circular

OW1207115493 Beijing Central People's Radio
 Network in Mandarin 2230 GMT 2 Jul 93

[From the "News and Press Review" program]

[Text] The CPC Organization Department issued a circular yesterday calling on organization departments of all provincial, autonomous regional, and municipal party committees as well as the organization departments of the Work Committee for Organs Under the Central Committee and the Work Committee for Central Government Organs to study and implement the guidelines of General Secretary Jiang Zemin's speech at the 1 July forum in close connection with their organization work.

The circular says: Comrade Jiang Zemin's speech on the eve of 1 July further clarifies the general goal and requirement for strengthening party building and improving party leadership in the new situation and sets forth the current tasks of strengthening the building of party ideology, organizations, and work style. The speech is of great importance as a guide for strengthening and improving party building and raising the standards of party cadres.

The circular points out: Organization departments at all levels must earnestly organize the study of the speech in close connection with their work and review their experience of the past few years in party building to find out weak links in an effort to work out measures to strengthen and improve their work. For the present, they must step up efforts to improve the ideology and work style of newly elected leading bodies; put particular emphasis on the need for the entire party to maintain a high degree of ideological, political, and organizational unity and a high degree of unity in action; earnestly change their work style and

forge closer ties with the masses; and continue to carry out the construction of the party's grass-roots organizations to enable them to bring into full play their role as a fighting bastion. Organization departments at all levels must acquire a better understanding of the important thesis that as the reform deepens and as China opens wider to the outside world and develops its economy more rapidly, there will be all the more need for us to strengthen party leadership and do a good job of party building, study new situations, solve new problems, sum up new experiences, and successfully carry out party building in the new situation through concrete work.

Deng, Jiang Inscribe Books on Deng Yingchao
OW1007130693 Beijing XINHUA in English 1235
GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—A symposium was held here today for the publishing of two books commemorating late Chinese stateswoman Deng Yingchao.

The books, *Biography of Deng Yingchao* and *Commemorating Elder Sister Deng Yingchao*, were published recently.

Deng Xiaoping and Chinese President Jiang Zemin wrote inscriptions for these two books.

Deng Yingchao (1904-1992) was wife of late Chinese Premier Zhou Enlai and a pioneer of Chinese women's movement. She died on July 11 last year.

Deng had made great contributions to the Chinese revolution and construction and had always been loyal to the party and the people, and thus had won love and esteem from the people, said Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee, at the symposium organized by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and the All-China Women's Federation.

It's of great significance for the party and all the Chinese people to learn from Deng's revolutionary spirit, said Li, who is also chairman of the CPPCC.

The 780,000-word *Biography of Deng Yingchao* records Deng's brilliant life, said the editors.

Commemorating Elder Sister Deng Yingchao is a collection of memorial articles written by 57 Chinese and foreign writers.

Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, Sun Qimeng and Lei Jieqiong, vice-chairmen of the Standing Committee of the National People's Congress, and Zhao Puchu and Qian Zhengying, vice-chairmen of the CPPCC, also attended today's symposium.

Li, Jiang Diplomatic, Courtesy Activities To Be Reduced

HK1207111293 Hong Kong WEN WEI PO in Chinese
9 Jul 93 p 2

[Report by staff reporter Chen Chien-ping (7115 1696 1627): "China Will Simplify Diplomatic Protocol, and Leaders' Time of Diplomatic Meetings Will Be Reduced"]

[Text] Beijing, 8 Jul (WEN WEI PO)—According to authoritative sources here, the central leadership recently decided to simplify the diplomatic protocol for top central leaders. Under the precondition of not going against diplomatic protocol, the time for President Jiang Zemin and Premier Li Peng to attend diplomatic activities and courtesy meetings will be reduced so that they can better concentrate on handling major domestic affairs.

According to authoritative sources, the central leadership decided that in the future, in general, there will be no arrangements for Jiang Zemin and Li Peng to meet visiting foreign officials at the ministerial level. If a visiting minister from a developing country asks for a meeting with Jiang or Li, this may be arranged according to the specific conditions on a case-by-case basis. Normally, a diplomatic courtesy meeting will last about 15 minutes.

Additional Cities, Counties Open to Foreigners

OW1207075993 Beijing XINHUA Domestic Service in Chinese 2142 GMT 7 Jul 93

[Text] Beijing, 8 Jul (XINHUA)—A spokesperson of the Ministry of Public Security announced today that with the approval of the State Council, 23 additional Chinese cities and counties will be open to foreigners, raising the total number of cities and counties opening to foreigners to 919.

In accordance with the provisions of Article 20, Chapter 4 of the "Law of the People's Republic of China on Administration of Entry and Exit of Foreigners," foreigners with a valid visa or residence documents may travel to those areas without the need to apply for additional travel documents. The newly opened cities and counties are:

Inner Mongolia Autonomous Region: Yakeshi City;

Henan Province: Yongcheng County, Xiayi County, Ningling County, Suixian County, Zhecheng County, Yucheng County, Fugou County, Luyi County, Dancheng County, Shenqiu County, Xiangcheng County, Xincui County, Shangcai County, Zhengyang County, Huaibin County, Gushi County, Guangshan County, Xihua County, Biyang County, Pingyu County, Shangcheng County, and Xinxian County.

Cooperatives Link Family Planning, Development

OW0507131293 Beijing XINHUA in English 1242
GMT 5 Jul 93

[Text] Beijing, July 5 (XINHUA)—In following China's family planning program, peasants in southern Jiangsu Province have created what they call "fewer births, greater prosperity" cooperatives.

The cooperatives are considered innovative, as they provide incentives to families willing to follow the government's family planning policy.

China advocates "one couple, one child." However, it allows families with practical difficulties in the rural areas to have two children.

The cooperatives help their members to prosper by providing them with credits, mostly free of interest, and technical services and market information, officials at Yancheng city in Jiangsu Province told XINHUA.

One example is Chen Cuifa at Sheyang County under the city's jurisdiction. The man earned 1,500 yuan in 1991 for his family of three. Thanks to the benefits he received from the village "fewer births, greater prosperity" cooperative, the family's income shot up to 14,000 yuan last year.

"I switched from growing rice to garlic and other more profitable crops after the village 'fewer births, greater prosperity' cooperative told me that these were in good demand on the market," says Chen, 34.

Mr. and Mrs. Chen have an 11-year-old daughter. "We'll have no more children. One is good enough," the man says.

The family is one of the 14,000 in Sheyang who are members of 270 such cooperatives set up in their own villages. Young singles may also join the cooperatives if they pledge to have only one child after they are married.

One striking feature of the cooperatives is that most of their member families, like the Chens, have daughters only.

"Fewer births, greater prosperity" cooperatives are "short-cuts" to encourage farmers to change their traditional attitude toward family size and accept family planning policy, says Zhong Zuowen, 53, director of the Yancheng Family Planning Committee.

A number of factors such as labor-intensive farming methods, low agricultural productivity and lack of old-age support have made the family planning program more difficult to be fully implemented in China's rural areas, especially among those families with daughters only, Zhong says.

"The cooperatives are aimed at helping families which comply with the government's family planning policy to get rich first," Zhong says.

Nonglian village in Linhai town of Sheyang county set up the first "fewer births, greater prosperity" cooperative in China in 1991.

The cooperative has 81 members now, including all the daughters-only couples in the village, says Xu Jin, head of the village and the cooperative.

The cooperative gives priorities on necessities including agricultural loans, fertilizer and pesticides to its members. In addition, it purchases farm produce and sideline products from its members at beneficial prices.

Villager Xu Shuangyan and his wife began to use contraceptives two years ago under the condition of allowing him to join the cooperative.

"The cooperative helped me to select household development projects and taught me technical skills," says Xu.

Now Xu runs a grain processing mill, with an annual income of more than 10,000 yuan (about 1,754 U.S. dollars).

"Seeing me receive benefits from the cooperative and get rich, my brothers do not want to have more children," says Xu.

Xu says now he spares no money on fostering his only daughter. He also plans to build a two-storey house next year. "I have never thought of this before," he says.

The per-capita net income of the cooperative members in Nonglian village reached 1,650 yuan last year, 57 percent higher than that of the other villagers.

"Fewer births, greater prosperity" cooperatives in Yancheng also give social welfare priorities to their member families, which includes providing financial aid for their members to take out old-age insurance.

The Nonglian village cooperative pays 650 yuan for each member, which is half of the total old-age insurance fee for one person.

"I will have a monthly old-age pension of 80 yuan after I am 55 years old," says Yang Guiqian, 31, who has only one daughter. "Thus, I needn't rely on a son when I am old," she says.

So far, Yancheng has established more than 400 "fewer births, greater prosperity" cooperatives enrolling nearly 16,000 couples.

In addition, it has set up 64 "fewer births, greater prosperity" economic development corporations, which provide information, supplies and marketing services for basic cooperatives.

An official from the State Family Planning Commission says that experiences in the "fewer births, greater prosperity" cooperatives deserve to be spread to other less developed areas in the country.

It helps peasants to escape poverty and change their ideas about childbearing. Furthermore, it promotes economic development in the rural areas, the official says.

China's family planning program is aimed at improving people's living standards and suiting population growth to social and economic development, says the official.

At present, practices which combine the family planning program with economic development have been developed in some areas in China.

Military

Book Reports Airbase Work in South China Sea

HK1207102793 Hong Kong AFP in English 0925 GMT
12 July 93

[Text] Beijing, July 12 (AFP)—China is building a military air base in the disputed South China Sea and is obtaining the necessary hardware to prepare for the possibility of armed conflict there, an official book reported.

The country has already bought 24 advanced Sukhoi-27 jet fighters and will coproduce Antonov-180s, a medium-range transport plane, with Ukraine, according to Military Secrets, published last month by the Public Security Ministry. It is also trying to import airborne warning systems and missile technology and is developing mid-air refueling capacity, the book said.

China plans to build an aircraft carrier, but the high cost and lack of support vessels has forced it to shift its efforts to constructing a smaller carrier for helicopters, the book said.

"It is a top priority," it said, "for China to have air support for a possible battle in the Spratly islands," a South China Sea island chain claimed by six countries, including China and Vietnam. For this reason, China is currently building a military air base in the neighboring Paracel islands, which would "greatly reduce the flight distance to the Spratlys for Chinese planes," the 87-page book said.

China's nearest airbase to the Spratlys is in Hainan province. The Paracels base would almost cut the distance in half to 600 kilometers (375 miles). The area is strategically important, straddling shipping lanes between the Indian and Pacific oceans. It is also believed to be rich in oil reserves.

The book did not specify where the base was located or when it would be completed, but it was the first time that an official Chinese publication has disclosed China's military plans and recent purchases, which have always been closely guarded state secrets. The Chinese government has pledged to handle rival claims to the Spratlys and Paracels through peaceful means and advocated joint exploitation, but construction of the air base clearly illustrated Beijing's military aspirations in the region.

Economic & Agricultural

Economic Understanding, Coping Measures Urged

OW1107161993 Beijing XINHUA in English 1523
GMT 11 Jul 93

[Text] Beijing, July 11 (XINHUA)—China's economic situation has been basically good this year, yet many contradictions and problems have cropped up, some of which have become conspicuous.

An editorial to be carried in Monday's [12 July] edition of the "PEOPLE'S DAILY" [RENMIN RIBAO], China's leading official newspaper, calls on the people to better understand the current economic situation and take measures to cope with the problems. Otherwise, economic

construction, reform and opening to the outside world will be hindered, the editorial says.

The editorial emphasizes that it is important for the whole party and whole society to reach consensus and make a correct judgement on the current economic situation.

It urges everyone to subordinate immediate and partial or local interests to long-term and general interests, to strengthen discipline, to develop the economy steadily and to limit economic losses.

The paper says an emphasis should be placed on deepening the reforms, shifting management mechanisms, improving structure and enhancing efficiency.

The editorial attributes current contradictions and problems in the economy to those parts of the economic structure that have not been put in order.

It points out that the Chinese economy is in a critical period: One the one hand, such problems as blind expansion of investment and racing for speed of the old system still exist while the socialist market economic system has not been formed and the macro-economic control system has not been perfect yet, the editorial noted.

The editorial points out a good economic situation relies on reform; therefore, it is a must to deepen the reforms in order to consolidate and develop the situation.

Solving contradictions and problems in the economy depends on accelerating the pace of building a socialist market economy, the article stresses.

Now that the reforms have entered a new stage, the country must take Deng Xiaoping's theory of building socialism with Chinese characters as the guiding principle and must adhere to the party's basic line. The reforms must be pushed forward step by step in a planned manner.

In the near future, it is necessary to make breakthroughs in restructuring of investment, financial and taxation systems.

The editorial urges all localities and departments to firmly carry out the policies of the central government and further deepen the reforms in accordance with the government's overall plan.

To strengthen and improve macro-control over the economy is an important part of building a socialist market economy and of deepening the reforms, the editorial says.

The editorial notes that the series of economic, legal and administrative measures currently being outlined by the central government are aimed at improving the economic structure and enhancing performance so as to develop the economy rapidly and soundly.

The measures are by no means an all-round austerity, the editorial stresses.

Zhu Rongji Finance Work Conference Address Noted*OW0907145993 Beijing XINHUA in English 1258 GMT 9 Jul 93*

[Text] Beijing, July 9 (XINHUA)—Chinese Vice Premier Zhu Rongji said early this week that the government's plan to strengthen macro-control over the economy is aimed at readjusting the economic structure, and does not mean China is going to implement comprehensive austerity measures.

Zhu Rongji made the remark at the closing session of a three-day national work conference on finance on July 7.

The high growth of the national economy has been sound on the whole, said Zhu. Some problems that have occurred in the course of economic advances can be solved through speeding up and deepening the reforms.

"It is not necessary for us to practise comprehensive austerity now. Neither will we resort to that policy in the future," said Zhu, who was last week named the new governor of China's Central Bank.

Zhu said it is imperative to improve the industrial structure and ease bottlenecks in infrastructural facilities.

Therefore, the focus of investment must be immediately switched to agriculture, industrial production and infrastructure construction to ensure a stable economic growth.

Zhu pointed out that rectifying the financial order and enforcing financial discipline constitute an important part of macro regulation enhancement.

To ensure the chaotic situation in the banking industry is redressed in the shortest possible time, Zhu Rongji ordered bank officials at all levels to strictly observe the following three rules of discipline:

- Stop irregular interbank lending immediately, and recall the money that has been extended to non-financial institutions within a given time;
- Financial institutions must not independently raise their interest rates on bank deposits or loans by employing disguised means or compete with each other for bank savings by raising interest rates. Bank personnel are prohibited from requesting or receiving commissions on bank loans;
- Credit funds must not be injected into business firms run by banks themselves. All bank-funded business firms must cut links with banks.

"The three rules of discipline must be carried out to the letter. Offenders, including those in leadership positions, will be severely punished," said Zhu.

Zhu called for a clean and honest management of financial industry and urged financial officials to take national interest into consideration, adhere to the principles and regulations and provide better service to the economy.

In rectifying financial order, we should pay attention to protecting the majority so as to stabilize the army of financial staff, Zhu added.

As the current financial problems are inevitable during an mechanism transition period, those who have committed wrongs are welcome so long as they clarify responsibilities for the errors, report to higher level management and correct their wrongdoings.

Referring to financial reform, Zhu said, the key is to reinforce the function of the central bank to effect a unified and effective macro-control mechanism.

The goal of the reform is to establish a central bank system under which the central bank can carry out independent and unified monetary policy under the guidance of the State Council so as to balance social supply and demand and stabilize the currency.

Meanwhile, China should also establish a financial system under the leadership of the central bank which is characterized by coexistence of various financial institutions, with the state policy banks and commercial banks as the mainstay.

However, Zhu said, financial reform should proceed in line with the country's actual conditions, and follow the general principles of market economy and gradually steer toward international practices.

Zhu Rongji stressed that the efforts of the banking industry alone are not enough to fully realize the regulatory policies. He urged the whole party and all the people, especially local authorities at various levels and all relevant government departments, to join hands to carry out the central regulatory policies to the letter.

Interest Rate Increase From 11 Jul Announced*OW1007095393 Beijing XINHUA in English 0924 GMT 10 Jul 93*

[Text] Beijing, July 10 (XINHUA)—The People's Bank of China (PBC), China's central bank, announced here today that it will raise the interest rates on deposits by an average of 1.72 percentage points as from July 11.

The interest rate for bank loans will go up by 1.38 percentage points; the rate for long-term savings accounts, including those of three-year, five-year and eight-year terms, will be pegged to inflation.

This is the second time China has raised bank interest rates. The first rise came in mid-May, when an average 2.18 percentage points were added to fixed private savings and a marginal 0.82 percentage points to bank loans.

The rise will lift the deposit interest rate for terms of one year to 10.98 percent from the current 9.18 percent.

A senior bank official said that the PBC will continue to give preferential interest rates on loans for the purchase of grain, cotton and edible vegetable oil, and for energy, transportation and other infrastructure construction.

According to the official, the central bank's decision is designed to protect the interests of depositors and ensure a healthy development of the national economy.

He said that the general public reacted positively to the first interest rate rise, and there has been an increase in bank savings.

However, the rise proved not big enough as prices kept rising.

He urged the state specialized banks and financial institutions to strictly implement the central bank's interest rates, and warned that any deviations will be coped with seriously.

Treasury Bond Interest Rate Raised

OW1007130093 Beijing XINHUA in English 1236
GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—The Chinese Ministry of Finance has decided to increase the interest rate for three-year and five-year state treasury bonds from the present 12.52 and 14.06 percent to 13.96 and 15.86 percent respectively.

The announcement came after the central bank decided today to add an average of 1.72 percentage points to the interest rates on bank deposits.

The new rate adjustment sets the interest rate on three-year bonds and five-year bonds at 1.72 and two percentage points higher than the rates for bank savings of corresponding terms.

Starting from tomorrow, the ministry will also attach value-reservation rates to 1992 state bonds as well as bonds issued this year.

China will issue a total of 30 billion yuan worth of state treasury bonds this year.

Commentary Praises Decision

HK1207055593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1209 GMT 10 Jul 93

[Commentary by reporter Zeng Liming (2582 0448 2494):
"China Uses Interest Lever To Readjust Investment"]

[Text] Beijing, 10 July (ZHONGGUO XINWEN SHE)—China has decided to once again raise both deposit and loan interest rates as of tomorrow. As a result, annual deposit interest rates will go up by 1.35 percent on average, and annual loan interest rates will rise by 1.38 percent on average.

Sources within Beijing's financial circles believe that the move represented a positive and effective economic method for readjusting the capital structure and promoting rational and steady national economic growth without compromising the existing credit and loan scale.

As they occupy an increasingly important position in China's entire national economy, individual citizens' savings deposits can undoubtedly play a vital role in stabilizing the currency, the market, and the economy and in pushing ahead with growth in production. Statistics have shown that the amount of savings deposits of urban and rural residents accounted for 18.6 percent of the total amount of deposits in China's banks in 1978. By the end of 1991, however, the amount of savings deposits of urban

and rural residents accounted for more than 50 percent of the total amount of deposits in China's banks, thereby constituting the banks' primary source of funds.

As savings deposits are now a key element of China's financial operation, use of the interest lever has naturally become an important means of macroeconomic regulation and control in light of the country's national economic growth. Since 1985, the People's Bank of China has readjusted deposit and loan interest rates nine times.

From 1985 to 1989, the People's Bank of China raised deposit and loan interest rates four times by more than 1 percent on average every time. On 1 February, 1989, the People's Bank of China raised deposit interest rates to an all-time high, with the annual interest rate for two-year savings deposits going up from 7.6 percent to 12.2 percent, and the annual interest rate for five-year savings deposits increasing from 9 percent to 12.45 percent. In order to protect depositors from price hikes, the People's Bank of China introduced a new service called value-guaranteed savings deposits as of September, 1988.

Given the sluggish market that existed from 1990 to 1991, China's banks registered a sharp growth in the amount of savings deposits, with the result that the banks lowered savings deposit interest rates three times. Because it could no longer subsidize value-guaranteed savings deposits, the People's Bank of China abolished this service in November 1991. Though the savings deposit interest rate remained unchanged throughout 1992, the amount of savings deposits of urban and rural residents still registered a steady increase, reaching 1,000 billion yuan at the end of last year.

Both the fund-raising craze and the share craze have gradually gained momentum since the start of this year and have diverted the savings of depositors who have only a vague understanding of investment to other channels. Between February and April, the red light for dwindling savings deposits was switched on, and this began to erode the banks' repayment capacity. The situation led the People's Bank of China to quickly raise the savings deposit rate in a decisive manner on 15 May, achieving an initial success, with the result that the amount of savings deposits grew by 20.8 billion yuan in the same month.

Beijing's financial experts have maintained that both soaring prices and a history of insufficient increases in interest rates have now made it proper to raise interest rates still further. Higher interest rates are definitely conducive to absorbing more funds for communications, energy, raw and processed materials industries, infrastructure facilities building, and industrial and agricultural production. They also help bring about sustained and steady national economic growth.

Bank deposits offer individuals advantages that cannot be replaced by shares, bonds, or other things. Individuals believe that depositing money in banks is still the safest and least risky way to make their financial assets appreciate. Raising interest rates thus can help protect depositors' interests to the greatest possible extent and can make

depositors more conscious about resisting the temptation of "reckless fund raising" activities.

Concerned experts predicted that the latest round of interest rate increases will definitely create a new driving force which will lead to a sharp rise in mainland citizens' savings deposits.

Bank of China To Adopt 'Western-Style' Policies

HK1107050093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11-17 Jul 93 p 3

[Report by Liu Weiling: "Top Body Banking on Reforms"]

[Text] China's central bank will resort more to Western-style market-oriented measures to produce a gradual shift from direct to indirect control over the country's finances, according to a top financial official.

Chen Yuan, vice-governor of the People's Bank of China, China's central bank, said the bank will increasingly use relending, deposit reserves and its policies on the interest rate and exchange rate to realize the transformation.

Western-style market-based policies will also be employed by the bank to adjust the basic money supply and regulate the money supply mix, Chen told a conference of Asia's business and financial executives held in Beijing last week.

Meanwhile, he said further steps will be taken to reform and perfect the foreign exchange management system and develop the exchange market, Chen said.

That means the central bank will strengthen control over the foreign exchange market and work to stabilize the swap-market exchange rate. The exchange rate has fluctuated drastically on China's swap markets in the last few months.

He said such efforts will help China achieve its goal of making the renminbi a unified and international convertible currency.

This target is one of the major focuses of China's ongoing financial reform, he said.

"The first emphasis of the reform is to reform and perfect the central bank's macro-control and financial supervision," he said.

The second emphasis is to speed up the transformation of the management system of China's specialized banks to make them phase in a system under which they are responsible for their own profits and losses.

In addition, Chen said financial laws, such as the Central Bank Law, Commercial Bank Law and the Insurance Law, will be drafted as soon as possible to firm up China's financial supervision.

"The major task of the financial reform is to build a fair, efficient, open and unified financial market and a legal and modern financial management system," Chen said.

He vowed to further open the financial industry to make China's financial business more international.

Chen said China's financial industry has experienced obvious changes in recent years while the financial market has taken shape.

In addition, China has made strides in both the opening-up of financial industry and the technical upgrading and modernization of the industry.

By the end of 1992, foreign-funded banks and insurance companies had launched more than 70 branches in China and overseas financial organizations have set up 239 offices across the country.

Banks To Tighten Credit, Redeem 'High-Risk' Loans

HK0907033293 Beijing CHINA DAILY in English 9 July 93 p 2

[By staff reporters Ren Kan and Yu An: "Banks Act To Stabilize Economy"]

[Text] Chinese banks vowed yesterday to call in high-risk interbank loans, tighten credit and encourage saving to stabilize economic growth.

Both Zhang Xiao, President of the Industrial and Commercial Bank of China (ICBC), and Wang Deyan, President of the Bank of China (BOC), said they ordered their branches to recall high-risk loans to other banks by August 15.

Lending to financial institutions that are not banks will stop this year, they said.

The heads of branches of specialized banks were summoned to Beijing for the national meeting to tackle financial problems and carry out new monetary policies set by the People's Bank of China, the nation's central bank, earlier this week.

"We'd implement the decision seriously and do the rectification well," said BOC's Wang Deyan, adding that he has told local banks to keep credit under control.

The central bank probably would not expand the planned lending quota, Wang said, so no bank can exceed its quotas without approval.

Wang said credit will not be extended to real estate and securities-trading companies.

By the end of May, the Bank of China's outstanding loans in renminbi amounted to 268.4 billion yuan (\$47 billion), 12.896 billion yuan (\$2.26 billion) more than at the end of last year, he said.

Zhang Xiao of ICBC said that the need to increase savings deposits and expand reserves is especially urgent in light of the shortage of funds of key projects. Zhang said to increase the number of savings accounts the bank will open more branches, encourage the use of credit cards, act as a broker for stocks and bonds—to earn commission for the bank and draw in potential savers—and pay factory employees their wages.

Credit cards in China are similar to debit cards in the West. If credit-card holders spend more money than they have on deposit, they must repay the loan with interest.

Zhang said every branch will have quotas for savings deposits to encourage the branch chiefs to bring in more business. The number of new savings accounts at the bank have declined this year. In the first six months of this year, its new deposit accounts came to 57.6 billion yuan (\$9.93 billion), 40.7 billion yuan (\$7.01 billion) less than the amount deposited during the same period of 1992.

The Bank of China, the major foreign-exchange bank in China, expects its renminbi savings accounts to quickly exceed 100 billion yuan (\$17.5 billion), Wang said.

During the first five months of this year, the bank enjoyed an increase of 12.98 billion yuan (\$2.27 billion) in individual savings. But with prices rising and securities being issued, increasing saving is not easy, Wang said.

The bank will make saving more attractive by increasing interest rates, he said, and the rates for long-term savings accounts will be pegged to inflation.

Zhang said ICBC's loans will go for the purchase of agricultural products, the support of profitable enterprises and key State construction projects. The bank will no longer loan money to factories whose products do not sell or for real estate projects or speculation in securities.

By the end of May ICBC loaned more than 46 billion yuan (\$7.93 billion) to enable commercial firms to buy grain and edible oil from farmers. ICBC also provided 6.9 billion yuan (\$1.18 billion) in loans for infrastructure and projects involving coal, electricity, petrochemicals, non-ferrous metals, communications, the postal service and the telecommunications and railway industries.

Differing Views on Banking 'Crisis' Noted

HK0907134593 Hong Kong HSIN PAO in Chinese
9 Jul 93 p 29

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) in Beijing, 7 July 1993: "Different Views Within the CPC on the Banking Crisis"]

[Text] I wrote three articles for this column on 4, 11, and 18 June on the increasingly serious economic situation on the Chinese mainland in recent months, which have been much talked about recently outside, and pointed out that because of the current overheated economy, there was a worsening trend of inflation on the mainland. Being apprehensive that the same old disastrous road of 1988 and 1989 might be followed again, the CPC authorities have adopted emergency measures one after another and decided to promote reform in the financial, tax, and other fields and accelerate the pace of establishing a socialist market economy structure so that a better environment can be created for further economic development. It is said that the latest information disclosed by the three articles has been republished in some other Hong Kong newspapers. This reflects the great concern from outside regarding the mainland's grim economic situation.

There Were Obstructions to Zhu Rongji's Appointment as Concurrent Governor of the Central Bank

Sources in Beijing revealed that as early as 1 April, at a CPC Central Committee meeting on the economic situation, Zhu Rongji, member of the Standing Committee of the Political Bureau of the Central Committee and vice premier of the State Council, had already pointed out that the grim financial situation was a concentrated expression of the various kinds of contradictions in current economic work. But at that time, the central government, which was in an awkward predicament because of the two different views on the overheated economy, was unable to adopt macroeconomic regulation and control measures in good time to resolve the contradictions. Thus, the financial crisis (mainly the shortage of funds) was aggravated. In the last 10 days of June, the top CPC policymakers and economic circles began to reach a common understanding on this issue and were determined to adopt economic and legal measures and carry out a thorough rectification of the financial order, with the assistance of certain administrative measures. Some resolute measures were then adopted. On the one hand, at the second meeting of the Standing Committee of the Eighth National People's Congress [NPC], which ended on 2 July, Li Guixian was dismissed from his post as governor of the People's Bank of China (but preserved his position as a state councillor) and Zhu Rongji was appointed as concurrently governor of the central bank. This was aimed at strengthening the CPC Central Committee and State Council's leadership over financial work and giving better play to the role of macroeconomic regulation and control of the central bank. On the other hand, 16 concrete measures for strengthening macroeconomic regulation and control in the second half of the year were formally promulgated, with consolidation of the banking and financial systems as the main task, supplemented by tightening-up measures for tax and financial supervision and examination, securities exchange, and real estate development.

On the dismissal of Li Guixian from his post as governor of the People's Bank of China, NPC Chairman Qiao Shi gave the following explanation at the meeting of the NPC Standing Committee: "Even after the 14th CPC National Congress, Li Guixian still did not have a good understanding of reform of the financial structure and refused to change his ideas. In addition, because of the resentment in his thinking, he seriously neglected his duty and allowed the financial organs to freely engage in speculation in real estate, stocks, foreign exchange, and other business and raise funds and issue securities without authorization. As a result, there has been a serious shortage of funds in circulation and disorder in the financial market. In view of this, the NPC Standing Committee accepts his resignation." But when Li Guixian's resignation was put to the vote, more than 20 of the 136 or so standing committee members voted against it or abstained from voting.

When discussing the appointment of Zhu Rongji as governor of the central bank at a meeting of the CPC Central Committee Political Bureau, three members had reservations on that issue. Some held that under the current situation it is difficult for anyone, except Deng Xiaoping,

to hold this post. Some held that as Zhu Rongji is in charge of too many affairs, the pressure on him would be too heavy if he were appointed governor of the bank. The Political Bureau then asked for instructions from Deng Xiaoping. Deng said: "There are certainly people who are qualified for this post. Some people are afraid of shouldering heavy loads, and some are unqualified for the post. Rongji is a suitable person for this concurrent post, but in my opinion he can only hold this post for a short period. The other comrades of the State Council should assist in and share his work."

A certain financial expert in Beijing believes that Zhu Rongji, who has been praised by XINHUA as "being well-known for handling affairs impartially and incorruptibly and for his speedy and resolute style of work," though backed by Deng Xiaoping, will be working under great pressure. The pressure will come not only from the local authorities, but also from the central authorities. For this reason, we still have to wait and see whether the objective of "achieving initial results in three months and putting an end to the situation of disorder in half a year," which was put forth by Zhu Rongji at the national financial work conference he presided over on 5 July, can be achieved and whether there will be relapses in the future after achieving this objective.

Both Jiang and Zhu Criticize Local Authorities and Selfish Departmentalism

Sources said that a very important reason for the current financial crisis is that local authorities did not follow the instructions of the central authorities, as the prestige of the central authorities had dropped. On many issues, despite the repeated injunctions of the central authorities, the local authorities continued to stick to their own ways of doing things and continued to "take countermeasures against the central policies." In view of this situation, the CPC Central Committee and the State Council held an emergency telephone conference for chief party and government leaders of various provinces, autonomous regions, and municipalities on 21 June, demanding strict enforcement of orders and prohibitions in various provinces, regions, and municipalities.

Jiang Zemin, general secretary of the CPC Central Committee, who presided over the conference, emphasized that various localities should carry out the requirements put forth by the conference resolutely and exactly to the letter, rather than continuing to go their own ways. He said firmly: "If there are great mistakes in the policies, principles, and measures of the central authorities, which affect the economic development of various localities, I, Jiang Zemin, and the main leaders of the State Council will be held responsible. But if the localities run counter to the policies, principles, and measures of the central authorities and make big mistakes, those who make the mistakes will be held responsible for them. The central authorities will surely find out who are to blame for those mistakes and will not allow them to repeat them."

Zhu Rongji, who was the main speaker at the telephone conference, gave a report on the existing economic problems, in which he analyzed the reasons for the problems and provided methods for their solution. Zhu Rongji said: "The current economic situation is very grim. There are many problems, such as a weak national treasury, financial disorder, credit expansion, and the fact that capital construction is out of control. Moreover, there are phenomena such as illegal fund raising, the establishment of development zones without authorization, and the re-growth of debt chains. The crux of the problems does not lie in the disputes over whether the policies and principles of the central authorities are correct and whether the economic development as a whole is overheated, it lies in the fact that selfish departmentalism and localism have swollen in some departments, committees, offices, and localities, which have willfully distorted the policies and principles of the central authorities or implemented them according to their needs. Some of them have even rejected, changed, or boycotted the policies and principles of the central authorities, disrupted the arrangements made by the central authorities, and seriously obstructed the intensification of reform and economic development." He also pointed out that all central departments, committees, and offices, as well as all provinces, autonomous regions, and municipalities should maintain unanimity with the Central Committee. Only thus can the policies and principles of the central authorities be well implemented. At present, as the economic situation is grim, if the central authorities do not strengthen macroeconomic regulation and control in good time and various departments, committees, offices, and localities do not conscientiously implement the policies and principles of the central authorities, there will inevitably be great setbacks in our national economy, or we may even go back to a messy situation that is hard to clear up. Zhu Rongji continued: The central authorities will take timely organizational measures toward some departments and localities where problems are serious, to solve their problems. The central authorities also require various localities to carry out examinations of the relevant departments and localities from top to bottom in accordance with the central policies and principles. In conclusion he said: "The key to whether the objective of the central authorities in macroeconomic regulation and control can be achieved lies in whether the localities can fully understand the spirit of the central authorities and whether they can conscientiously overcome their selfish departmentalism and localism and conscientiously implement the measures put forth by the central authorities in a comprehensive way."

The above-mentioned financial expert pointed out that the purpose of the emergency telephone conference was to make the localities understand clearly that practicing market economy does not mean letting things drift without restrictions. This time, the central authorities have adopted measures to strengthen macroeconomic regulation and control because they do not wish to carry out another economic improvement and rectification when

the problems have developed further and become hard to control, which may result in more fluctuations in the economic field.

Song Renqiong and Others Submit a Written Statement to Criticize Zhu Rongji

Sources also revealed that during the first 10 days of June, while the financial crisis was being aggravated under the grim economic situation, Song Renqiong, Yao Yilin, Song Ping, and Li Ximing, who are generally regarded as the conservative forces within the CPC, submitted a written statement to the Political Bureau of the CPC Central Committee, requiring the State Council to make a self-criticism on the mistake of the seriously overheated economy in the current economic development and affix responsibility to the relevant leaders.

If we believe that this is an attack launched by the conservative forces on Deng Xiaoping by using economic problems to openly criticize Zhu Rongji, then it is obvious that an article carried by the No. 9 issue of NEIBU WENGAO [INTERNAL MANUSCRIPTS], run by the CPC Central Committee's organ QIUSHI (formerly HONGQI magazine), which was written by Li Yanming under the title "Implement the Principle of Seeking Truth From Facts Through to the End," was directing its spearhead at Deng Xiaoping and his theory and line. The article said: "The principle of seeking truth from facts requires us not to have blind faith in the higher authorities," which "include the supreme leader who is currently exercising his functions and power." The current problem is that "on the question of whether the theory, line, policies, principles, and measures we are now implementing are correct and conform to reality, we usually cannot use the same principle (the principle of seeking truth from facts) and yardstick to judge it."

Sources from Beijing's economic and theoretical circles hold that the written statement by Song Renqiong and others and Li Yanming's article once again reflect the existence of powerful forces within the CPC against Deng Xiaoping's theory and line. They may make trouble at any time. But people are already used to this. However, what should be carefully considered by the authorities is that quite a few people who are in favor of Deng Xiaoping's line also believe that the current financial crisis has something to do with Deng Xiaoping's proposition on "seizing the opportune time to achieve a vigorous development" and his disagreement with the opinion on opposing the "overheated economy" in the overall situation.

Securities Company Seeking To Advance Overseas
OW1007115793 Beijing XINHUA in English 0836 GMT 10 Jul 93

[Text] Shanghai, July 10 (XINHUA)—The Shanghai International Securities Company has expanded from only four staff members with half an office and 10 million yuan in capital five years to become the first share-holding securities company on the mainland.

It now has one billion yuan in capital and five billion yuan-worth of property. Its business covers more than 300 central cities across the country and it is advancing overseas.

The first of its kind in China, the company opened July 18, 1988. It now has 369 members.

Last year saw the company issue 32 types of "A" and "B" shares on behalf of 30 Shanghai companies, accounting for 60 percent of the total stocks issued in the city.

Ever since its establishment, a company official said, the company has worked out a strategic development program aiming at the international market.

It is now establishing the Shanghai Hong Kong International Securities Company in Hong Kong in a bid to approach and master international standards, understand the international capital market and train qualified personnel.

The company plans to expand its business to Singapore and Southeast Asian countries and then to the United States, Japan and European countries so as to become a full participant in the international capital market.

Joint Ventures Earn 'Credibility Certificates'
OW0607104193 Beijing XINHUA in English 1001 GMT 6 Jul 93

[Text] Beijing, July 6 (XINHUA)—Two hundred and ten foreign-funded firms in the mainland have been named the most trustworthy creditors of the Bank of China (BOC), the State Specialized Bank for Foreign Exchange and Foreign Trade.

The bank announced the names of the firms here today in a grand ceremony and granted certificates to the 20 firms topping the list.

This is the first time for the bank to grant credibility certificates to its foreign-funded company clients since it began to provide loans to such firms in the late 1980s.

The firms awarded the most trustworthy creditor titles are mostly those engaged in light industry, textiles, machinery and electronics and pharmaceutical industries. They include Shanghai Volkswagen Corporation, Shanghai Bell Telephone Equipment Manufacturing Co. Ltd., Beijing Jeep Corporation Ltd. and Xian-Janssen Pharmaceutical Co. Ltd.

These joint ventures earn large sums in foreign currency and are also big taxpayers. All of them have paid back loans in due time.

A BOC official said today that the Bank of China will give priority to these firms in extending loans and credit in the 1993-94 period.

Statistics from the bank show that by the end of last year, the amount of loans provided by the Bank of China to the joint-venture firms across the country reached 12 billion U.S. dollars and 93 billion Rmb [renminbi] yuan. These loans helped a lot in getting joint-ventures moving and expanding their production.

Also today, the Bank of China convened a meeting to discuss issues concerning credit and loans to joint-ventures.

Beijing Commends 1,117 Foreign-Funded Enterprises

*OW0607112393 Beijing XINHUA in English 1045
GMT 6 Jul 93*

[Text] Beijing, July 6 (XINHUA)—A total of 1,117 enterprises with foreign investment were commended here today in recognition of their export earnings, business and high pre-tax profits in 1992.

According to officials from the China Association of Enterprises With Foreign Investment, each the cited businesses earned at least two million U.S. dollars from exports and pre-tax profits of at least one million yuan last year.

This is the fourth time the association, with approval from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), has commend outstanding foreign-funded enterprises.

Total exports of the enterprises commended reached almost eight billion U.S. dollars, making up 47 percent of the figure for all the foreign-funded enterprises in the country. They made 9.25 billion yuan in pre-tax profits last year.

"They are outstanding representatives of enterprises with foreign investment in China," MOFTEC's Assistant Minister Liu Shanzai said at today's award ceremony. He welcomed more foreign business investment in China.

An export commodities fair for companies with foreign investment will be held at the end of this year in the southeastern city of Xiamen.

Government Evaluating Foreign-Contributed Assets

*OW1207112593 Beijing XINHUA in English 1048
GMT 12 Jul 93*

[Text] Beijing, July 12 (XINHUA)—Foreign-funded enterprises that have operated in China over the past 14 years have brought with them an actual total foreign investment of 34.2 billion U.S. dollars.

The contracted investment from some 90,000 such businesses totalled 108.9 billion U.S. dollars during the same period.

But the form of foreign investment, usually made in cash in the early 1980s, has gradually become dominated by the contribution in kind in recent years, according to an official at the State Administration for the Inspection of Import and Export Goods.

A survey carried out in over a dozen economically advanced provinces and cities revealed that a record high of 70 percent of foreign investment in Chinese-based enterprises is in the form of goods and equipment.

For various reasons, the equipment contributed by the foreign partners is often inferior or substandard.

Moreover, some foreign-funded enterprises quote a higher than reasonable price for raw materials and machinery used by the firm, which are listed as investments, and declare a much lower price for finished or semi-finished products to be exported.

These factors inflict losses on the Chinese side, particularly by underpayment of state taxes, the official said.

To safeguard the interests of both enterprises and the state, the government has decided to evaluate and appraise foreign-contributed assets in terms of their original value, species and quality.

The official said that by the end of June, state inspection departments for import and export goods had carried out over 1,000 evaluations of equipment supplied by foreign investors that the overseas partners valued at 442 million U.S. dollars.

After the evaluation, the Chinese inspection departments appraised the equipment's value at 342 million U.S. dollars. The result and the accuracy of the evaluation were recognized by both the Chinese and foreign sides.

To improve official evaluations, the state now runs three nationwide training classes, which are taught by experts from Hong Kong and Canada. So far 200 professional evaluators have been trained, the official added.

Customs Statistics Released on Imports, Exports

*OW0507095993 Beijing XINHUA in English 0946
GMT 5 Jul 93*

[Text] Beijing, July 5 (XINHUA)—Newly released statistics show that China has seen fast growth in imports in the first six months of this year, but its exports went up more slowly.

According to customs statistics, China's total trade volume in the first half of this year reached 77.84 billion U.S. dollars, an increase of 13.4 percent over the same period last year.

Of the total trade volume, imports covered 40.69 billion U.S. dollars, a rise of 23.4 percent over the previous figure, and the export value stood at 37.15 billion U.S. dollars, up only 4.4 percent.

The statistics show that the country saw rises mainly in exports of machinery and electrical products, garments, shoes, travelling articles, plastic products, toys, sugar and tea.

Meanwhile, general trade and barter trade imports went up by 13.7 percent, imported materials for processing were up 17.7 percent and equipment imported by foreign-funded enterprises rose by 110 percent.

In the first half of this year, China imported more steel, finished oil, textile machines, motor vehicles, aircraft and television kinescopes, but less sugar, natural rubber, timber, pulp, raw cotton and fertilizers.

Statistics Indicate Trade Deficit Increasing

HK1107071593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11-17 Jul 93 p 8

[Report by Qu Yingpu: "Trade Deficit Climbing Higher Month by Month"]

[Text] Domestic retail sales and imports continued to surge precipitously in May while the growth of exports remained slow, the most recent government statistics show.

Total commodity sales in May topped 109.44 billion yuan (\$18.87 billion), up a hefty 27.3 percent over the same month last year, according to the State Statistics Bureau.

China's imports continued to outpace exports by a huge margin in May. Total foreign trade in the month climbed 21.1 percent to \$15.73 billion, of which imports rose 33.8 percent to \$8.52 billion while exports inched up only 8.7 percent to \$7.21 billion.

The Chinese Customs announced last week that the country had accumulated a trade deficit of 43.54 billion up to the end of June. Imports hit \$40.69 billion, a 23.4-percent increase from January-June last year, while exports totalled \$37.15 billion, an increase of only 4.4 percent.

A report from the State Statistics Bureau said that sales of consumer goods chalked up 31.8 percent in May to 96.22 billion yuan (\$16.59 billion).

Retail sales to non-institutional buyers amounted to 84.64 billion yuan (\$14.59 billion), up 31.4 percent over May 1992, while sales to institutional buyers hit 11.58 billion yuan (\$2 billion), up 34.8 percent.

Sales of agricultural materials, however, witnessed a drop of 1.8 percent to only 13.22 billion yuan (\$2.28 billion).

The report also shows that total purchasing by commercial departments in May was 89.71 billion yuan (\$15.47 billion), up 14.1 percent. Their sales value was 101.39 billion yuan (\$17.48 billion), a leap of 22.3 percent.

High retail sales growth reduced the stockpiles in stores by 7.4 percent to 338.27 billion yuan (\$58.32 billion) worth of commodities.

Among the country's major foreign trade partners, China's exports to Hong Kong and Macao, the mainland's largest trading partners, dropped by a huge 52.6 percent to \$1.85 billion in May, the report said.

Exports to the United States, however, generated a hefty rise of 218.7 percent to \$1.41 billion; to Japan, \$1.09 billion, up 33.2 percent; to the European Community, \$930 million, up 109.3 percent; to Canada, \$104.64 million, up 155.8 percent; and to Russia, \$228.33 million, up 95.8 percent.

Imports from Hong Kong and Macao in May dropped by 75.9 percent to \$950 million; but those from Japan, increased to \$1.88 billion, up 193.4 percent; from the United States, \$760 million, up 72 percent; from the European Community, \$1.22 billion, up 104.8 percent;

from Canada, \$102.31 million, down 31.1 percent; and from Russia, \$464.11 million, up 511.6 percent.

In May, China exported 220,000 pigs, 10 percent more than in the same month last year, while fisheries exports inched up 0.1 percent to 50,000 tons.

Rice exports recorded an increase of 20 percent to 60,000 tons; vegetables, 80,000 tons, down 11.1 percent; canned food, 29,606 tons, up 58.4 percent; peanuts, 30,000 tons, up 50 percent; filature silk, 502 tons, down 40.9 percent; tea, 15,396 tons, up 20.3 percent; rabbit fur, 406 tons, down 14.7 percent; medicine, 8,396 tons, down 23.2 percent; coal, 1.57 million tons, down 36.9 percent; petroleum, 1.63 million tons, down 6.3 percent; cotton cloth, 305.39 million metres, up 20.6 percent; and garments, worth \$1.19 billion, up 25.7 percent.

Among imports, wheat made up 600,000 tons, down 53.5 percent; timber, 260,000 cubic metres, down 16.1 percent; iron ore, 2.79 million tons, up 26.2 percent; chemical fertilizer, 1.09 million tons, down 23.2 percent; farming chemicals, 2,824 tons, down 51.7 percent; rolled steel, 2.53 million tons, up 583.8 percent; copper and copper alloy, 18,000 tons, down 53.9 percent; paper and cardboard, 180,000 tons, down 10 percent; wool, 16,871 tons, up 62.4 percent; TV tubes, 1.13 million, up 79.4 percent; TV sets, 20,000, up 0.1 percent; automobiles and chassis, 24,611, up 200.8 percent; and ships, worth \$73.55 million, up 569.9 percent.

More Foreign Cooperation in Oil Development Accepted

OW1207081093 Beijing XINHUA in English 0641 GMT 12 Jul 93

[Excerpts] Beijing, July 12 (XINHUA)—China will cooperate with more foreign companies in prospecting and drilling for oil on the mainland, the OVERSEAS EDITION of "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

According to Wang Tao, general manager of the China National Oil and Gas Corporation, China's oil and natural gas reserves are ranked tenth in the world. [passage omitted]

China has become one of the world's major oil producers, the general manager said, with annual oil output ranked fifth in the world over the past two years.

Last year saw the country turn out 142 million tons of oil, 138 million tons of which came from the land and the rest from offshore areas.

The country is ready to generate oil and natural gas in cooperation with more foreign companies so as to meet the needs of its rapid economic development, Wang noted.

At present, China's oil cooperation has expanded from 11 provinces and regions in southern China to add 10 provinces, municipalities and regions in the north.

He welcomed more foreign investment in oil development in the Tarim Basin in the Xinjiang Uygur Autonomous Region by saying that the 560,000-square-kilometer basin

is one of China's largest oil-bearing areas. So far 68 foreign companies have shown interest in prospecting for oil in this area, according to Wang.

To speed up oil development in the region, Wang said, communications departments are accelerating the pace of constructing the Lanzhou-Xinjiang railway and his corporation plans to lay oil pipelines.

Hu Qili Announces Major Electronics Projects

OW0707171893 Beijing XINHUA Domestic Service in Chinese 0645 GMT 3 Jul 93

[By reporter Gu Honghong (7357 3163 3163)]

[Text] Beijing, 3 Jul (XINHUA)—The Ministry of Electronics Industry will computerize information on the national economy as a major objective for the development of the electronics industry by undertaking the Jinqiao [Golden Bridge], Jinka [Golden Card], Jinguan [Golden Pass], and other key projects in the next few years. This was announced by Minister of Electronics Industry Hu Qili at a national telephone conference, which was sponsored by the ministry yesterday.

With the rapid development of the national economy, various trades and professions have set new requirements for applied electronics and information technology, and there is great demand for electronic products for investment [tou zi lei dian zi chan pin 2121 6327 7352 7193 1311 3934 0756]. Statistics show that electronic products for investment increased by 47.4 percent in 1992, and by 50 percent in the first five months of this year. So there is a vast market for the developing electronic information industry. A top priority task for the electronics industry is to seize the present opportunity to increase its ability to provide complete sets of electronic equipment for investment. Hu Qili described the Jinqiao, Jinka, and Jinguan projects as "three golden flowers" which have emerged as required by the times.

The Jinqiao project is a project for a public data and information communication network. This network will mainly use communication satellites and will also connect with postal and communication data networks, as well as with special data and information networks of various ministries, commissions, provinces, and municipalities. Like the construction of highways, state communications networks should have something similar to the network of national highways, main provincial highways, special highways, and urban roads, which radiate in all directions. Although our country's communications networks include various special networks, there is no main network connecting the various special networks. To this end, the Ministry of Electronics Industry will make efforts to coordinate with various ministries and commissions in building such a main network.

The Jinka project is a project for an automated teller machine system using credit cards. Based on such modern technology as computers, network communications, and electronic equipment for financial or commercial use, this system represents a circulation of money by means of savings cards [chu xu ka 0328 5552 0595], credit cards,

and electronic account transfers. The Jinka project is being tested in Anshan. The Ministry of Electronics Industry plans to stress developing technology and products related to this project in the next few years to enlarge the scope of credit card use step by step and spread the use of credit cards in cities as quickly as possible.

The Jinguan project is a project for a foreign trade and economic information network. This project is now promoting electronic data interchange [EDI] so that no paper is used in trading. Developed on the basis of computer and communications technology, EDI consists of modern data processing and information technology, which has caused a structural change in world trade. Now many developed countries stipulate that customs should give priority to processing trade that uses the EDI system. Experts believe that enterprises that fail to use EDI by the 21st century will be excluded from world trade.

Hu Qili held: Undertaking the above several projects is of great significance for accelerating computerization of information on the national economy, raising the level of macroeconomic control and decision making, and promoting reform of the banking system and the sharing of information. This will also open a new market for the electronics industry and promote the development of the industry as a whole.

National Tax System Reform Planned

HK0907122193 Hong Kong TA KUNG PAO in Chinese 8 Jul 93 p 2

["Special dispatch" by staff reporter Ma Ling (7456 3781): "Major Tax Reform To Be Introduced Soon"]

[Text] Beijing, 7 July (TA KUNG PAO)—An authoritative source from the State Taxation Administration said here today: In the near future, the tax system will be reformed so as to bring the state's function of macroeconomic regulation and control into play. The reform includes four items: 1) the income tax system, 2) the turnover tax system, 3) the individual income tax system, and 4) the local tax system.

As state finances are extremely strained, the question of finance and taxation has become increasingly pronounced. Therefore, the reform in the next step also will become an eye-catching issue.

The authoritative source pointed out: The problems in the current taxation are mainly that 1) the coexistence of the tax system of domestically funded enterprises and that of foreign-funded enterprises cannot meet the needs of further deepening reform and opening wider to the outside world; 2) the items of taxation of the income tax of domestically funded enterprises are excessive in number, tax rates and tax preferences vary from enterprise to enterprise, and there is unfairness in the burden of taxation among enterprises. This cannot meet the need for enterprises to get involved in fair competition in the market and change the way they operate; 3) the product tax, value-added tax, and business tax levied on domestically funded enterprises exist side by side, each having nothing to do with the other. This cannot strengthen the

function of macroeconomic regulation and control; and 4) the scale of local taxation is too small, the categories of taxation are excessively numerous, and the limits of authority to manage central and local taxation are not standardized. This is detrimental to mobilizing the enthusiasm of central and local authorities.

He stressed: The guiding thinking on tax system reform is to enact a unified tax law, with the existing compound taxation as the basis; centralize taxation power; strive for fairness in the tax burden; simplify the tax system; standardize the modes of distribution; harmonize distribution relations; and strengthen the organization of revenues and the macroeconomic regulation and control function of taxation.

With regard to the four reform items, he said: The purpose of the income tax system reform is to unify the income tax system for domestically funded enterprises, lower tax rates, and introduce proportional rates. On 1 July, Tianjin Municipality began to conduct experiments on unifying at a 33 percent rate the income tax rate for state-owned enterprises, which is 55 percent, and the income tax rates for collective enterprises' accumulation in excess of the grade-8 quota and for private enterprises, which are 33 percent. The whole country will take this step soon. In addition, after a period of time, this income tax law will be merged with the income tax law for foreign-funded and foreign enterprises, and will be unified as the enterprise income tax law of the People's Republic of China.

The purpose of reforming the turnover tax system is to establish a new system characterized by double-layer regulation under which the value-added tax, the product tax, and the business tax exist side by side, with the value-added tax regulating industrial production and circulation generally, and the product tax regulating them specifically, while the business tax is introduced into the non-commodity sector.

The purpose of reforming the individual income tax system is to merge the existing individual tax, individual regulatory tax, and the income tax of individual industrial and commercial businesses in urban and rural areas into a unified individual income tax. However, the starting point of individual tax collection is being debated now, and there are three opinions on the issue. One opinion maintains that the collection should start from 400 yuan; the second contends that efforts should be made to enhance people's awareness on paying taxes and it should start from 200 yuan; and the third theory holds that the collection point should be set a little higher because people's incomes generally are still too low. However, the authoritative source said: Considering that income varies from locality to locality, there probably can be different tax collection starting points. If things go smoothly, it is hoped that the new individual income tax law can be implemented at the end of this year.

The purpose of reforming the local tax system is to establish and perfect a local tax system, gradually expand the scope of local taxation, expand the scope of collecting taxes on resources, and actively study the collection of new

local items of taxation, such as inheritance tax and tax on gifts. He pointed out, however, that the tax system reform is arduous and complicated.

Progress Made in Reforming Commodity Circulation

OW007142493 Beijing XINHUA in English 0844
GMT 9 Jul 93

[Text] Beijing, July 9 (XINHUA)—China has made remarkable progress in reforming the commodity circulation network over the course of a 14-year-long economic modernization drive, according to officials from the State Planning Commission.

The state monopolized the purchase and marketing of industrial and agricultural products under the central planning economy instituted following the founding of the People's Republic in 1949.

Since 1979, when China outlined the twin policies of economic reform and opening to the outside world, the government has gradually abolished its monopoly on commodities and has developed a market-oriented economy.

The state has reduced its control of farm goods, industrial consumer goods and farm capital goods. 68 categories of goods were controlled in 1979, while only 15 remain in the state's grip at present. The number of capital goods under the state unified plan has been cut from 256 categories to 19.

According to the officials, a system of commodity circulation influenced and regulated by a variety of economic factors has been formed, and enterprises have been given more autonomy in terms of organization and marketing.

An official survey shows that China contains more than 2,000 wholesale markets for capital goods and industrial consumer goods, 1,600 wholesale markets for farm and sideline products, 3,000 markets for small industrial goods and 79,000 rural and urban fairs and markets. Futures markets are being established in a number of areas.

According to these statistics, China's retail sales volume of social commodities amounted to 108 trillion yuan last year, more than five times the comparable figure from 1978, a year before the reforms began.

The officials acknowledged that China's markets are developing unevenly and that the price system has not yet been streamlined.

All these issues will be solved by deepening the reforms, the officials said.

Distribution in Socialist Market Economy Examined

HK0807040493 Beijing JINGJI GUANLI in Chinese No 4, 5 Apr 93 pp 4-5

[Article by Ning Xueping (1380 1331 1627): "On the Question of Distribution in a Socialist Market Economy"]

[Text] We should shift our understanding of the question of distribution from the track of planned economy to that

of a market economy. About this question, there are three points we should make clear.

I. Correctly Distinguish Distributions of Three Different Kinds—Economic Distribution, Financial Distribution, and Credit Distribution—According to the Requirements of a Market Economy

Under the circumstances of a market economy, distribution in the form of value of total social products is roughly divided into three different parts, and is embodied in three levels.

1. Economic distribution. This is primary distribution in the sphere of production and circulation, also known as original distribution. This is the first level of distribution, and is the major part of enterprise financial activities. Distribution relations built up in original distribution are based on the premises of occupation of the means of production and the position of people in production. In other words, this is a distribution carried out between owners of different productive factors. Therefore this is a kind of market distribution of the nature of exchange of factors, and is embodied by the prices of factors. The process of the exchange of factors is integrated with that of the distribution of factors. Therefore, economic distribution is the change in the form of ownership, and not the permanent transfer of ownership; it is the basic and leading form of distribution under the circumstances of a market economy.

2. Financial distribution. This is compulsory distribution carried out gratis by relying on state power under the premise that the national income has been distributed into wages, profits, interests, and land rent. It is a permanent transfer of ownership of factors, known to people as redistribution or further distribution. This is the second level of distribution. Judged by China's situation, for economic sectors of non-ownership by the whole people, financial distribution refers to redistribution carried out beyond the sphere of production and circulation. For an economy under ownership by the whole people, as the means of production are owned by the state, the state not only carries out financial redistribution by relying on political power, but also takes part in primary distribution in the capacity of the representative of owners of the means of production under ownership by the whole people. Therefore, there are certain overlappings between China's financial distribution and economic distribution within the sphere of state-owned economy.

3. Credit distribution. In China, it is mainly bank credit distribution. It is a further distribution carried out on the basis of economic and financial distribution. This is the third level of distribution. The credit distribution is the form of funds distribution that presupposes repayment. It is mainly to concentrate funds that have been distributed but not used, or have not been distributed but are temporarily laying idle, and lending them to spheres of production and circulation according to the principle of repayment of what is borrowed, to be the temporary regulation

and short-term turnover of funds. Therefore, credit distribution is the temporary transition of the right of use of funds, with the characteristics of repayment, short period, and payment of interest.

The above three different kinds of distribution both have differences and are related to each other, and transform with each other under certain circumstances. We must make a clear distinction between them theoretically, and cannot get confused. This is a matter of understanding the financial functions and financial distribution under the circumstances of a market economy, and such an understanding is an important theoretical premise for intensifying financial reform.

II. Correctly Understand Three Kinds of Distribution Principles, To Each According to Capital, To Each According to Labor, and To Each According to Need

1. Over a long period of time, in China's sphere of distribution, the principle of to each according to capital has been fundamentally negated, to each according to labor has been restricted, and to each according to need has been expanded and developed. In current financial distribution, there is a great quantity of welfare and policy distribution, and factors of to each according to need—such as low rent, low wages, travel expenses, only child allowances, and bath and hair-dressing fees in staff and workers welfare expenses.

To develop a socialist market economy, we can appropriately restrict the principle of to each according to capital, but we cannot abolish it; otherwise, our means of production and funds cannot be fully utilized. If an investor cannot take part in sharing out bonuses and has no remuneration, then who is going to make investments? Therefore, to each according to capital can only be appropriately restricted, and cannot be over-restricted, and far less should it be abolished.

2. To what extent can to each according to labor be realized after all? This is a question that needs serious discussion. In the past, under the circumstances of a planned economy we carried out for many years the principle of to each according to labor, and we have not yet found a better form that can truly embody this principle, and with changes of one kind or another in the wage system, it is still difficult to comply with this principle. However, we cannot give it up, and to each according to labor should still occupy a leading position.

3. To each according to need should be appropriately restricted. Under the original principle of to each according to need, problems which should have been tackled by market exchange have also been brought into the sphere of financial distribution, which has transcended China's actual level of development of productive forces, and become burdens in economic development. Therefore, the present factors of to each according to need should be cleared up and reformed, retaining those that should be, and abolishing those that should be, and turning over to the market those that should be. Therefore, it is necessary to promote as soon as possible reform of the housing, medical treatment, social security, and the wage and

pricing systems, otherwise it is very difficult to move toward a socialist market system.

Under the circumstances of a socialist market system, an individual has three kinds of rights, i.e., property rights, the right to labor, and the right to survival. Distributions corresponding to these three kinds of rights are to each according to capital, to each according to labor, and to each according to need. Therefore, under the circumstances of a socialist market economy, the role each of these three kinds of rights should play becomes a focal point that we must not neglect in our study of the question of distribution, in particular in our study of financial distribution.

III. Change the Order of Distribution From "Deduction First, Distribution Afterwards" to "Distribution First, Taxation Afterwards"

In the past, in the distribution of the national income, we always introduced the method of "deduction first, distribution afterwards." Under the circumstances of planned economy, that was a simple and direct and effective method, but now this distribution order is no longer suitable. Under the circumstances of a market economy, distribution in the first place is economic distribution carried out in the economic sphere, in the course of commodity exchange. Especially under the circumstances where multiple economic sectors and many forms of distribution coexist, if distribution is still carried out according to the rule of "deduction first, distribution afterwards", not only can distribution not be carried out, but it is also getting more and more divorced from the actual situation of economic activities, and runs counter to the law of exchange of a market economy. It is both unfavorable to an increase in economic efficiency, and detrimental to the realization of economic and social equity. Here lies precisely the crux of the present disorder in the sphere of distribution, and of gradual increases in various kinds of "unfair distribution" phenomena. Therefore, the order of distribution should, following the operational rules of a market economy, be changed from "deduction first, distribution afterwards" into "distribution first, taxation afterwards," i.e., to carry out financial redistribution on the basis of economic distribution. It is an inevitable trend, and should become China's goal of reforming the distribution system.

Many twisted phenomena in social and economic life at present result from irrational order of distribution. If distribution can be changed, wage and prices relations will also gradually become rational, the tax base of the state can also be constantly enlarged, there will also be a change for the better in the financial situation, and the treasury will have the financial resources to readjust the income level on such a basis to embody the unity of efficiency and equity. In short, only when distribution patterns on a wider range are clearly readjusted can financial distribution as a major part of the distribution pivot adapt to the requirements of a market economy and be brought onto the track of operation of a market economy.

Daily Urges Study of Socialist Market Economy

HK0607102093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Jul 93 p 1

[Editorial: "Earnestly Study Knowledge on Socialist Market Economy"]

[Text] There is now an arduous and pressing task of study confronting the entire party, and particularly the leading cadres at all levels. In accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the 14th CPC National Congress has set the establishment of a socialist market economy as one of the targets of China's economic reforms. This is our task and also a subject people should study.

China's socialist market economy, which has the distinctive characteristics of the times and of our country, is different from the highly centralized planned economic system in the past and from the market economy in capitalist countries. There are laws governing the market economy throughout the world, but these laws are something rather new for us.

China is setting up a market economy mechanism on the basis of the socialist system. This is a new undertaking, without parallel in history. We are presently in a crucial period in our efforts to build up a socialist market economy, and party and government departments and leading cadres at various levels are coming across many new conditions, contradictions, and problems. The new situation has set new demands on us. Leading cadres at all levels are expected to earnestly study ways to develop a socialist market economy as a brand new subject so that gradually they will gain the initiative in leading the masses to set up a socialist market economy.

Like primary school students, we know little about the socialist market economy. We must introduce new measures to solve new problems arising from economic activities in order to promote better and more rapid economic development. If we act as required by the traditional planned economy and refuse to study the laws governing the market, we will find ourselves incompatible with the new situation.

Some comrades mistakenly think that macro-control is not needed in the establishment of a socialist market economy and they can do whatever they want, while others do not know the differences and similarities between the socialist market economy and the capitalist market economy and so they ignore China's conditions and indiscriminately copy the capitalist market economy, even its drawbacks.

These problems simply indicate the lack of knowledge on the socialist market economy, of practical experience, and of study of China's own conditions and conditions in foreign countries.

To acquire a knowledge of the socialist market economy, first of all we must study earnestly Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the documents adopted by the 14th CPC National Congress so as to understand the great significance of building up a socialist market economy. We also

must understand the basic features and content of the socialist market economy, as well as specific tasks and policies for establishing it. If we lack a profound understanding of the socialist market economy and do not understand the basic theory and policies for establishment of the socialist market economy, we are likely to suffer setbacks and pay a price.

The combination of theory with practice is an important means for gaining knowledge of the socialist market economy. It is impossible for us to have a broad knowledge of the socialist market economy if we fail to combine our study with the colorful practice of reform, opening up, and the modernization drive. We must press ahead with things so long as they help develop the productive forces of socialist society, strengthen the overall capacity of the country, and improve the people's living standards, daring to blaze new trails and to act and displaying the spirit of reform. If we make any mistakes, we must correct them in time. Only by assessing our experience while putting theory into practice can we successfully build up a socialist market economy.

While trying to gain a knowledge of the socialist market economy, we also should attach importance to the study of the market economy in capitalist countries. There are differences and similarities between the socialist market economy and capitalist market economy. The two are similar in that they adopt the market economic system and the related operational mechanism. We must learn from the successful practice of capitalist countries which reflects the laws governing the market economy. We should not hesitate to adopt any method of operation, management technique, or international practice suited to large-scale socialized production. We must study the market economy in capitalist countries and draw on anything useful for the development and establishment of China's socialist market economy.

Setting up a socialist market economy is a strategic policy decision made by the party's Central Committee and is vital to our economic development and to the future of our country and nation. Leading cadres at all levels must arrive at a full understanding of the importance of studying the market economy, enhance their awareness of the urgency of this study, and make earnest efforts to master basic knowledge of and the basic laws governing the socialist market economy as soon as possible so that they can successfully lead the masses in promoting economic construction.

Survey Shows Market Mechanism Efforts Successful

OW0707131293 Beijing XINHUA in English 1159 GMT 7 Jul 93

[Text] Beijing, July 7 (XINHUA)—China's efforts in establishing and developing a socialist market economy has paid off, according to the State Commission for Economic Restructuring.

A survey report shows that, through more than one decade of effort, the country had set up 79,000 urban and rural markets and fairs by the end of last year.

The transactional volume of these markets and fairs accounted for one fourth of the gross retail sales of social commodities last year.

Jiangsu, one of China's most economically-developed provinces, has 45 professional markets each with an annual turnover exceeding 100 million yuan and the highest reaching 5.7 billion yuan.

These markets have played an important role in goods distribution and accelerating local economic development.

Relying on the development of China's largest vegetable market, Shouguang County in east China's Shandong Province has become one of the country's 100 counties with strongest rural economic strength.

At present, China has opened more than 3,000 markets of capital goods, 30 markets of short-term money lending and borrowing, 700 security exchanges, 90 swap markets, 9,000 labor service markets, 40 markets of technology and 20 markets of property rights.

These markets are being expanded across provinces and regions and developing into specialized ones.

Economists here agreed that the change of markets has broken the conventional pattern of the government monopoly under the central planned economy and enlivened China's economy.

An official of the commission said that the state will focus on the development of markets of production elements including capital, labor service and technology while trying out futures markets and working out laws and regulations to standardize market order.

Strategies for Controlling Inflation Analyzed

HK1007034293 Beijing CHINA DAILY in English 10 Jul 93 p 4

[Article from the "Opinion" page by Ma Jiantang, a research fellow at the Development Research Center of the State Council: "Although Rising, Inflation Rate Can Be Kept in Check"]

[Text] China's inflation rate, which has been climbing since the end of last year, is drawing increasing attention from academics and government officials alike. Before the central government can adopt effective measures to curb inflation, it is important to objectively analyze this round of price hikes.

According to the State Statistics Bureau, the cost of living in China's 35 large and medium-sized cities was 16.7 percent higher in the first five months of this year than in the same period last year.

At the same time, rural areas also experienced sharp price hikes. The bureau reported that retail prices in the countryside in April were an average 11.4 percent higher than a year before, and 1.3 percentage points higher than that in urban areas.

This year, the cost of living is expected to increase about 15 percent nationwide, and more than 20 percent in the nation's 35 large and medium-sized cities.

However, four factors indicate that overall inflation this year will not get out of control: supply is equaling demand in the consumer market; imports of some production materials are increasing slightly to bring down Chinese prices, which are higher than those on the world market; the central government can readjust the pace of price reform; and the central bank has begun to tighten its monetary policy.

The underlying cause of this round of price hikes is that demand has exceeded supply.

First of all, unique to this round of inflation is the accelerated pace of price reform.

China has partly deregulated grain and cooking oil prices and has lifted control over the prices of production materials such as steel, coal, cement and oil. Also, the costs of housing, transportation and other services have risen.

These increases have fuelled other price hikes.

According to government statistics, 40 to 50 percent of retail price increases in the first four months can be traced to the price readjustments.

Second, investment has increased too dramatically since last year.

Investment in fixed assets jumped 70 percent in the first quarter of 1993. Excessive investment has led to shortages of production materials, resulting in price increases because of limits on imports and the deregulation of most producer goods.

Third, the falling exchange rate of renminbi has forced up the prices of imported goods and spare parts.

Since the last six months of 1992, prices of some production materials have greatly outstripped those in the world market. The large gap between the domestic and world markets led to an increase of imports, which spurred the demand for foreign exchange and caused the devaluation of the yuan.

Although inflation has reached double digits, the central government should not squeeze credit to dampen inflation.

So far, residents have been able to absorb the price hikes because their income has risen even faster.

A buyer's market in consumer goods has been guaranteed by the availability of commodities.

Residents also have more investment options as the capital market matures. Stocks, bonds and gold are the major market investments.

Meanwhile, consumers have become more rational after suffering losses from the panic buying of the late 1980s.

In terms of macroeconomics, the cost of slamming the brakes on inflation is too high. An abrupt halt would delay price reform, which is nearly complete. Moreover, a sudden stop would disrupt industrial production by causing a yo-yo effect of wild highs and lows.

It has been suggested that the central government take a mild course to cool down the economy.

Monetary policy should be slightly tightened. Higher interest rates could be adopted if inflation continues to advance.

Investment in non-productive fields must be limited. For instance, investment in real estate must be tightly controlled and the proliferation of economic development areas restrained.

Investment options for residents could be increased to ease the inflationary pressure. Efforts should be made to standardize the stock markets. Rampant raising of capital must also be curbed.

The State can increase imports. Although the prices of most production materials are climbing quickly, the rise in prices for nonferrous metals, chemical products and chemical fertilizers has been successfully slowed by increasing imports.

The State can consider quickening its pace in lifting controls on the importation of production materials. According to the State's schedule, China will lift control over steel imports at the end of this year and timber and oil imports at the end of 1994.

Government Drafting Railway Construction Strategy

OW0707131393 Beijing XINHUA in English 1120 GMT 7 Jul 93

[Text] Beijing, July 7 (XINHUA)—In the coming two to three years China will open a number of trunk railway lines to ease up the strained condition of railway transportation.

Currently 10 key railway projects are under intensified construction.

Han Zhubin, minister of railways, said China's railway transportation has for many years been restricting economic development. To solve the problem, China is drafting a railway construction strategy that will be suited to national economic and social development demands, with the overall situation and long-term interests taken into consideration.

In a special interview Han said the Chinese Government, with the drafting of special preferential policies, has made the acceleration of railway construction a priority of development for the coming years.

Han said the overall strategy for accelerating railway construction is roughly divided into three periods.

The first period started in 1991 and will end in 1995, during which time China plans to construct 6,600 km of new lines, 4,100 km of multiple lines and 5,600 km of electrified lines, bringing the total operating lines to some 60,000 km, and the proportions of multiple lines and electrified lines will reach 30 percent and 23 percent, respectively.

Efforts are now concentrated on 10 key projects, including the Beijing-Kowloon Railway Line, the largest project in

China's railway construction history, which runs 2,370 km north to south through nine provinces and cities, and will start operation at the end of 1995.

The other nine projects will either add new lines or improve the existing lines in northwest, north, central, east, south and southwest China.

At the completion of these projects, China's coal transport from the northwest, southwest and Shanxi Province, as well as the tight condition of eastern China railway transportation, will be largely relaxed, and economic development will benefit from an improved environment.

During the second period lasting from 1996 to 2000, the country will make concerted efforts to construct a number of large-capacity rail corridors. According to initial design, by 2000 the whole rail network will stretch across up to 70,000 km.

It will be a critical period for China's railway modernization. Express railway will start to develop, special passenger lines will be constructed, railway technologies and equipment will have fairly great improvement, and the proportions of multiple and electrified lines will be raised by a big margin.

The third period is scheduled for 2000 to 2010. As China's national strength is further reinforced, railway construction will develop at a higher speed. Initial predictions show that by 2010, the national operating rail lines will exceed 90,000 km. Heavy-haul will be adopted for freight transport on most trunk lines, and express passenger transport will become common on north-south trunk lines. Meanwhile, railway management methods will be basically modernized.

The minister said at present and in a fairly long period to come, the most conspicuous problem for railway development will be the shortage of funds. Therefore, a more mature investment system needs to be established.

He stressed that the Chinese railway system will further expand its opening to the outside world, actively introduced overseas funds, advanced technologies and management experience.

Insurance Covers Three Gorges Resettlement

OW0707012093 Beijing XINHUA in English 0051 GMT 7 Jul 93

[Text] Beijing, July 7 (XINHUA)—A wide coverage of insurance protects the interests of the people to be displaced from the reservoir zone of the upcoming mammoth three gorges project on the middle reaches of the Yangtze River, China's longest.

The reservoir will submerge 331 villages in 19 townships and cities, affecting more than one million people.

Southwest China's Sichuan Province, the location of the main part of the project, provides retirement pension insurance policies for old people, with enterprises contributing to similar policies for those still in employment.

Insurance policies also cover potential accidents and loss of property in the course of resettlement.

Wanxian County is a pioneer in this regard. Apart from old age and accident coverage, the county has extended insurance coverage to resettlement projects either completed or under construction.

Pang Jinfa, general manager of the Sichuan branch of the People's Insurance Company of China, said that various forms of insurance have diminished the risk of resettlement, maintained social stability in the reservoir zone and served to ensure the smooth construction of the century-besiding project.

Localities Urged To Focus on Building Small Towns

OW0707063393 Beijing XINHUA in English 0549 GMT 7 Jul 93

[Text] Beijing, July 7 (XINHUA)—With the mushrooming of small towns in China, localities are encouraged to upgrade their scientific management and construction.

The "PEOPLE'S DAILY" [RENMIN RIBAO] said in a commentary today that China has more than 50,000 small towns, including county seats and rural living centers, which are playing an important role in boosting the output and circulation of rural commodities and expanding exchanges between urban and rural areas.

The national paper noted that the development of towns accompanies the boom in rural industrial enterprises which employ a large amount of surplus rural labor.

According to a forecast, between 100 million and 150 million farmers will shift from field work to industry by the year 2000.

"This requires us to pay more attention to building towns to accommodate these people and their families," the paper explained. It added that an increase in culture, education, public health and sports facilities is needed.

The paper urged localities to attach more importance to rational urban planning in line with local conditions and the needs of the socialist market economy while strengthening management of urban construction.

Subsidy Scheme Aims at Protecting Farmers

HK1207033693 Beijing CHINA DAILY in English 12 Jul 93 p 3

[Report by staff reporter Li Hong: "Subsidies Plan Aims To Protect Farmers"]

[Text] Agricultural experts have come up with a scheme of subsidies to protect farmers when grain crops fail.

The plan aims to ensure they continue working the land and so maintain food levels.

"If anything goes wrong, feeding a 1.2 billion population will be a problem and the much-talked about reforms will be stranded," said an official with the State Planning Commission's agri-management department.

So now, a group of agricultural specialists have hammered out a scheme to help farmers to continue to grow crops. Their programme, worked out in Beijing last month, calls for a fund to be set up to protect the State purchasing price for grain and to subsidize farmers when output is hit by natural disasters or when the market price is too low for them to make a profit.

They justify the scheme saying grain production is a risky business and many developed countries like France, Japan and the United States have an umbrella to protect their farmers.

The experts also proposed three ways to raise the funds:

- To collect part of it out of increased government income at all administrative levels.
- To collect value-added tax on farmland bought by developers for real estate.
- And to divert industrial and commercial taxes as both sectors consume grain.

Grain production in China has stagnated in the past few years.

The experts said the main reason was farmers' diminishing interest in growing crops.

Economic reforms may have brought higher wages to the coastal urban areas, but farmers still lag a long way behind.

Statistics

Government statistics show industrial growth touched 20 percent last year, while agricultural production inched up only 3.7 percent.

The annual income of a typical farmer is no more than 40 percent of that for a city worker, or just about \$135.

In addition, farmers complain that their tiny profits are being squeezed by rocketing prices of fertilizers, pesticides and other industrial goods.

The latest edition of the Shanghai-based Liberation Daily [JIEFANG RIBAO] reported that farmers made little in

the city's suburban Fengxian County although the municipality had increased the purchase price of crops.

It said that growing one mu (0.165 acres) of millet earns 13.3 yuan (\$2.33), and wheat, 54.9 yuan (\$9.63).

The paper attributed the farmers' low profit to the rising price of seeds, fertilizers, pesticides, machinery, and oil and heavier taxes.

Last month, the central government ordered as many as 16 varieties of taxes currently levied on farmers to be outlawed.

It is hoped this will lighten the financial burden they bear.

Tropical Cultivation Areas Expanded for More Crops

OW0707103993 Beijing XINHUA in English 0941
GMT 7 Jul 93

[Text] Beijing, July 7 (XINHUA)—China is expanding areas under tropical crop cultivation so as to market more fresh fruit and vegetables across the country.

According to the Ministry of Agriculture, areas planted in tropical crops totalled 3.8 million hectares last year, three times that in 1986.

China's tropical and subtropical areas are distributed in Hainan, Guangdong, Yunnan and Fujian Provinces and the Guangxi Zhuang Autonomous Region as well as parts of Sichuan and Guizhou Provinces.

These areas used more than 300 million yuan in bank loans and 900 million yuan in self-raised funds in developing tropical crops between 1987 and 1992.

With state aid, they have built more than 200 commodity production bases for tropical products, which cover a total area of 173,000 hectares, and 91 processing factories as well as storage facilities, markets and railways.

Output of tropical crops last year amounted to more than 70 million tons, up three times over 1986.

China has become the world's fifth largest rubber producer and more than 20 varieties of tropical crops have won state prizes.

East Region

Fujian Maintains Foreign Trade 'Momentum'

OW1107055293 Beijing XINHUA in English 0534
GMT 11 Jul 93

[Text] Fuzhou, July 11 (XINHUA)—Fujian Province in southeast China has maintained a strong development momentum in foreign trade and economic relations, according to a provincial government meeting held here today.

In the first six months of this year, the province signed a total of 2,564 contracts involving overseas investment with contracted foreign funds reaching 5.971 billion U.S. dollars, respectively 2.64 and 3.91 times that for the same period of last year. The actual use of foreign funds was 1.3 billion U.S. dollars, up 2.03 times.

The province now has 4,398 foreign-funded firms which have been put into operation. Between January and June, they fulfilled a total industrial output of 13.5 billion yuan (about 2.3 billion U.S. dollars), and an export volume of 1.174 billion U.S. dollars, respectively 55.8 and 79 percent of the total for the province.

The region has become a big attraction for overseas investors who are mostly interested in the province's major projects of transport and energy.

In the first half of this year, the province pushed up its two-way trade volume to 2.39 billion U.S. dollars, 37.9 percent up over the same period of last year. The import volume was 1.5 billion U.S. dollars, up 109.8 percent.

Jia Qinglin, governor of the province, said that the province would grasp the opportunity to open further to the outside world and woo more overseas funds in the bid to bring into full the advantages of Fujian.

He said, they would strengthen efforts in using foreign funds to develop big projects such as express highways, power plants, ports and airports, and promote technical up-grading.

The governor predicted that the export and import volume of the province may reach 5 billion U.S. dollars this year.

Radio Paging Service Develops in Fujian

OW1107062793 Beijing XINHUA in English 0546
GMT 11 Jul 93

[Text] Fuzhou, July 11 (XINHUA)—Radio paging services have recorded rapid expansion in Fujian, a coastal province in southeast China, with the total number of pager users reaching 286,480.

In the first six months of this year, the province added 142,629 new users of radio pagers, about the total of the previous six years.

The province started the radio paging service in 1986 in order to meet the needs of the community and economic development.

The province is the first to have all its cities and counties covered by the radio paging network, and the first to develop an automotive paging system in China.

The provincial telecommunications departments have made efforts to improve their service. New services have been opened such as providing information on stocks through the paging system.

Radio paging is especially popular among business people.

For example, in a small district of Quanzhou city, there are now over 40,000 radio pager users, about one pager for every five people.

Jiangsu Produces 'High-Speed Double-Deck' Train

OW1007115993 Beijing XINHUA in English 0800
GMT 10 Jul 93

[Text] Nanjing, July 10 (XINHUA)—China has succeeded in developing its first high-speed double-deck passenger train.

It will go into service on the Guangzhou-Shenzhen line next year.

Listed as one of the key state research projects in the Eighth Five-Year Plan (1991-1995), the train was developed by the Nanjing Puzhen rolling stock plant in this capital of east China's Jiangsu Province.

The train, with carriages containing a total of 108 seats, can run at top speed of 160 kph [kilometer per hour], 50 percent faster than an ordinary train.

Each carriage has air-conditioning and is equipped with electronic displays regularly reporting the names of railway stations, the time and weather conditions.

Jiangsu's Nanjing Outlines Housing Plan

OW1207084693 Beijing XINHUA in English 0742
GMT 12 Jul 93

[Text] Beijing, July 12 (XINHUA)—Nanjing, the capital city of east China's Jiangsu Province, will greatly improve the residents housing condition by allocating 1 billion in the following three years.

The Shanghai-based "WENHUI BAO" reported today that about 13,000 households that have living space of less than four square meters per capita will move into spacious apartments within three years.

According to city officials, the city government plans to move these residents into apartments with at least 13.5 square meters per capita.

According to earlier reports, urban residents' living space is 7.1 square meters per capita on average nationally at present.

To accomplish its objective, the paper noted, Nanjing's government will raise one billion yuan and allocate more than 100 hectares of land for housing.

In addition, the city government has encouraged enterprises to build or cooperate with the government in building residential quarters for their employees.

Shandong's Jiang Chunyun Inspects Antiflood Work

SK1007123193 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 9 Jul 93

[Text] The safety of the Huang He is a matter of great importance. All localities must base themselves on preventing serious floods, rushing to deal with serious emergencies, and fighting serious disasters so as to ensure that Huang He, large and medium-sized reservoirs, and rivers in the province will safely withstand the flood season, and that there will be no risk at all. This was set forth by Jiang Chunyun, secretary of the provincial party committee, when inspecting the antiflood work along the Huang He.

Despite the high temperature and the intense heat of summer on the morning of 9 July, Jiang Chunyun, secretary of the provincial party committee; Li Chunting, deputy secretary of the provincial party committee and vice governor of the provincial government; Wang Huaiyuan, standing committee member of the provincial party committee and secretary of the Jinan city party committee; and Han Xikai, standing committee member and secretary general of the provincial party committee, guided responsible persons of the provincial and city departments concerned to walk from west to east along the dikes of the Huang He in Jinan city, to realistically inspect the dangerous sections of the dikes, and to examine, in detail, and understand the implementation of various flood-fighting measures. They also extended regards to the cadres, staff, and workers who were working on the dikes.

After hearing the reports made by responsible comrades of Jinan city and the provincial bureau for affairs of Huang He, Jiang Chunyun gave important opinions on the antiflood work of the Huang He and the province as a whole. He set forth that in line with the requirements for combating serious floods, rushing to deal with serious emergencies, and fighting serious disasters, we should grasp five tasks as follows: First, we should mobilize the thinking of the people. As forecasted by the meteorological department, it will be windy and rainy this year. So, serious floods will possibly occur. We should strengthen the antiflood idea and fully mobilize the people. Second, the antiflood workers contingent should be organized. We must not judge the antiflood workers contingent according to its statistical number. There must be sufficient people in the contingent. The People's Liberation Army units stationed in Shandong should keep close contacts with localities and work together with the people to guard against floods. Third, antiflood projects should be completed. We should concentrate energy on grasping the antiflood projects of the Huang He, large and medium-sized reservoirs, and dangerous river courses. Fourth, materials for flood-combating work should be prepared. We should further examine the necessary materials, such as [words indistinct], and ensure there will be sufficient power supply and smooth traffic and communications service

during the flood season. Fifth, responsibility should be assigned to leaders. The party and government leaders at various levels, particularly principal leaders, should pay high attention to and personally engage in the flood-combating work.

Jiang Chunyun stressed: The departments at various levels should strengthen organizational discipline, be sure that the part should be submitted to the whole, observe unified command, be united to combat floods, and attend to this year's flood-combat work in a down-to-earth manner.

Li Chunting also set forth specific requirements for the antiflood work.

Shandong Discusses Ways To Eradicate Corruption

SK1007123493 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Jul 93

[Text] On 7 July the provincial Discipline Inspection Commission invited a number of responsible personnel of various democratic parties in Jinan to a forum on the issue to which the masses have generally paid attention with regard, which is enhancing the construction of party style and administrative honesty.

Lu Maozeng, chairman of the provincial Chinese People's Political Consultative Conference committee, presided over the forum. Tan Fude, member of the provincial party standing committee and secretary of the provincial Discipline Inspection Commission, attended the forum to hear opinions and suggestions and also made a speech. Voicing their opinions at the forum were Wu Minggang, Miao Yongming, (Li Hongjiu), Liu Lingcheng, (Chen Dong), (Chen Zhimin), (Zhang Tiancheng), and (Wu Lixiu).

During the forum the participants said that although we have done a great deal of work in punishing the corrupt and enhancing the construction of party style and administrative honesty and achieved new progress and development in this regard over the past many years, and the trend in which the inactive and corrupt phenomena continue to develop and spread due to many and various reasons has not been fundamentally blocked but has been fluctuating along with the changes of situation. Although some problems have been dealt with, and they have not been deeply handled, and although the practices involving in these problems have been repeatedly prohibited, they never totally disappear.

During the forum the participants agreed that in enhancing the construction of party style and administrative honesty, first, we must truly carry out rectification and do practical deeds in improving them. We should resolutely punish and handle a small number of corrupt elements and refrain from making concessions to avoid troubles. Second, we should pay attention to education and prevention work in this regard. Party members and cadres should consciously enhance their self improvement and achieve in refraining from accepting banquet invitation and gifts so easily, from pretending to be deaf in listening to the advice, from being one-sided in making decisions, and from wavering when encountering knotty problems. Third, we should enhance

the supervisory work; gradually perfect the supervisory mechanism; and further carry out organic integration among the party's internal supervision, administrative supervision, judicial supervision, and the supervision of public opinions so as to bring into play the efficacy as a whole.

Shandong Reports 1993 Industrial Achievements

SK0907145993 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 8 Jul 93

[Text] In the first half of this year, our province showed an increase in both speed and economic results in industrial production. The industrial situation as a whole was better. In the first half, the province as a whole realized 256.1 billion yuan of total industrial output value, a 57.7 percent increase over the same period of 1992. Because of the overly fast increase of investments, the increased scale of heavy industry surpassed that of light industry by almost 10 percentage points. The large and medium-sized enterprises that mainly engage in the production of energy resources and raw materials realized 66.8 billion yuan of output value, a 24.8 percent increase over the same period of 1992. Enterprises engaging in the production of coal, power, iron and steel, cement, plate glass, automobiles, metals, and cutting machine tools, overfulfilled their production plans.

Township industrial enterprises have become the main body of industrial growth as a whole. Of the increased volume of industrial output in the first half, that of township industrial enterprises accounted for 85 percent. The proportion of township industrial enterprises in all industrial enterprises has increased from 51 percent at the beginning of this year to 61 percent at present.

Our province's economic results scored by industrial enterprises have been continuously upgraded. In the first half, industrial enterprises at or above the township level throughout the province, which conduct their accounting independently, are expected to realize 12.7 billion yuan of profits and taxes, a 45 percent increase over the same period of 1992. The province's financial revenue reached 7.75 billion yuan in the first half and showed an 11.5 percent increase over the same period of 1992. Our province's marketing and sales were also better in the period. Consumer goods markets continued to enjoy brisk sales.

In the first half, our province also had some problems that cannot be ignored in industrial production. They are mainly the overly tight control over the essential factors of production and the intensified restriction caused by the bottle neck. The high-speed growth of industrial production chiefly relied on enterprises that should raise funds with high interest or take up loans. This has affected the upgrading of economic results. The province as a whole had a power shortage of 7 billion kwh in the period and the saturation rate of railway transport reached less than 60 percent. The irrational phenomenon of products' mix was not largely improved. The production of cotton yarn, bicycles, clock and watch, canned food, match, pen making

business, still did not extricate themselves from a predicament. The business of small fertilizer plants, tractor plants, and farming plastic factories was not brisk.

In the first half, the province also suffered a trend of raising the cost of comparable products and showed an increase in losses.

Report on Zhejiang Civil Aviation Industry

OW1007120193 Beijing XINHUA in English 0850
GMT 10 Jul 93

[Text] Hangzhou, July 10 (XINHUA)—Airports in east China's Zhejiang Province saw the safe takeoff and landing of 13,979 passenger flights in the first six months of this year, 10.3 percent up on the same period of last year.

The airports handled some 1.3 million passengers and 18,900 tons of cargo, 27.2 percent and 32.3 percent more than during the same period last year, respectively.

During the period, Zhejiang, which is among China's top ten provinces in terms of civil aviation output value, opened seven new domestic air routes, with a total length of 9,000 km.

Meanwhile, an international air route was opened for cargo transportation between this capital of Zhejiang and Tokyo.

By the end of last June Zhejiang had been connected to other regions by 86 air routes, totaling 90,000 km.

Last March the Zhejiang Airline wet-leased two "Tu-154m" passenger airliners from Russia, which transported 24,308 passengers from last April to June.

The province has, moreover, worked hard to update the facilities of local airports and quickened the pace of building or reconstructing others.

Efforts have also been made to improve the services aboard planes and at airports.

A sample survey conducted by the East China Civil Aviation Bureau in May shows that only four percent of passengers were not satisfied with the services of the Zhejiang Airline.

Central-South Region

Guangxi Passes New Rules on Income Tax, Others

HK1207140093 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 10 Jul 93

[Text] The regional people's government recently laid down new regulations on a number of tax policies. They include:

First, according to the gist of the circular issued by the State Administration of Taxation on the collection of bonus and salary regulatory taxes for 1992 and in light of the reality in this region, beginning in 1993, the total annual salary tax allowance per head of the enterprises and nonprofit institutions where salary regulatory taxes are applicable is raised to 7,000 yuan, on the basis of the

principles specified in the regional people's government's circular on the unified collection of salary regulatory tax from enterprises and nonprofit institutions.

Second, in accordance with Article 15 of the provisional regulations of the People's Republic of China on taxation for rechanneling investments in fixed assets, which states that preferential treatment should be given to the ethnic minority regions in the collection of taxes for rechanneling investments in fixed assets, before specific preferential terms are defined for the whole country, our region shall, beginning in 1993, collect taxes for rechanneling investments in fixed assets at half rate. Border counties and cities shall go by the special provisions of the state. Once promulgated, the specific preferential terms for the whole country should replace regional ones.

Third, beginning on 1 July 1993, 200 yuan of assessment base may be deducted from the taxable income first in computing personal income regulatory tax before the personal income regulatory tax is worked out and paid according to relevant stipulations. The allowances and subsidies issued by instruction of the state and the regional people's government shall go by the existing stipulations and may be excluded from taxable income.

The regional people's government also laid down new regulations on the reduction and remission of income taxes for collective and private enterprises and the reduction and remission of taxes for the use of urban land.

Guangxi Reforms Stock-Holding System

OW1207050293 Beijing XINHUA Domestic Service in Chinese 2113 GMT 10 Jul 93

[Beijing XINHUA Domestic Service in Chinese at 0312 GMT on 11 July carries a 52-character service message requesting subscribers to "please defer using" the following item; no explanation for the deferral is given]

[Text] Nanning, 11 Jul (XINHUA)—Reform of the stock-holding system is steadily developing in Guangxi. So far 84 joint stock companies have been founded with approval by the autonomous region; their total capital stock exceeds 6.664 billion yuan.

Since reform of the stock-holding system started in Guangxi a year ago, joint stock companies are now involved in electricity supply, transportation, telecommunications, machinery, chemicals, building materials, tourism, commerce and trade, real estate, and other businesses. Twenty-five companies boast more than 100 million yuan in stock capital each, and eight companies exceed 200 million yuan in stock capital each. Experimentation with the joint stock system, first started in coastal areas and major cities, is now gradually expanding to inland areas. Meanwhile, more joint stock companies have evolved from old enterprises. Of the 29 joint stock enterprises established in the first quarter, 13, or 45 percent, evolved from old enterprises.

Enterprises experimenting with the shareholding system have enhanced their self-development strength and increased their market competitiveness. Experimental

enterprises have gradually readjusted their internal organizational structures and financial system according to standard practical requirements; also, operating in line with international business practices, they have striven to do a good job in project planning, capital investment, and personnel arrangements, thus resulting in good business performances. Guangxi Guiguan Power Company Limited started building the new Bailongtan Hydropower Station this February. By April, it had realized output value of 26.30 million yuan, representing 23 percent of the annual plan; it had also excavated 400,000 cubic meters of earth, thus fulfilling the entire year's plan.

Guangxi Joint Stock Companies 'Growing Fast'

OW1107015293 Beijing XINHUA in English 0124 GMT 11 Jul 93

[Text] Nanning, July 11 (XINHUA)—Joint-stock companies are growing fast in southwest China's Guangxi Zhuang autonomous region since the experiment with the stock-holding system started in the region a year ago, official sources here said.

So far 84 such companies have been founded upon approval by the regional government, with total capital stock exceeding 6.664 billion yuan.

Businesses of these companies cover transportation, electricity supply, telecommunications, machinery, chemicals and housing. Twenty-five of them boast more than 100 million yuan in stock capital each, according to sources.

The region now regards forming joint-stock companies as an important option in reforming the operating mechanism of enterprises while pushing them into the market.

Experiments with the 27 joint-stock companies evolved from old enterprises have reportedly been successful.

Liquan Beer Ltd. in Guilin, for example, has seen a 60 percent increase in output and a 230 percent rise in profits from January to April this year over the same period last year after being transformed into a joint-stock company.

Southwest Region

Appointment of New Guizhou Party Secretary Noted

OW1007222993 Guiyang Guizhou Television Network in Mandarin 1130 GMT 10 Jul 93

[From the "Guizhou News" program]

[Text] The Guizhou Provincial CPC Committee held a provincial conference of leading cadres this morning, announcing the CPC Central Committee's decision on the appointment and dismissal of the leading comrade to the Guizhou provincial party committee. The conference was chaired by Comrade Wang Chaowen, deputy secretary of the provincial party committee. Commissioned by the CPC Central Committee, Zhao Zongnai, deputy director of the CPC Central Committee Organization Department, announced the CPC Central Committee's decision on the appointment and dismissal of the principal leading post in the Guizhou provincial party committee.

The CPC Central Committee has decided to appoint Comrade Liu Fangren as secretary of the Guizhou provincial party committee; Comrade Liu Zhengwei, no longer holding the posts of secretary of the Guizhou provincial party committee and chairman of the Guizhou Provincial People's Congress, is transferred to the CPC Central Committee's Work Committee for Central Government Organs as deputy secretary in charge of day-to-day business. [video opens with medium shot of a conference hall with about 200 seated people facing central and provincial leaders, including Liu Fangren, Zhao Zongnai, Liu Zhengwei, Governor Chen Shineng, and Wang Chaowen, who are seated at the front of the hall]

In compliance with the central leading comrades' instructions and guidance, Comrade Zhao Zongnai gave a keynote speech. He said: Since the Third Plenary Session of the 11th CPC Central Committee was held, the Guizhou provincial party committee has resolutely followed the party's basic line, combined the central authorities' principles and policies with actual conditions in Guizhou, creatively proceeded with its work, accumulated a lot of useful experience, and achieved marked success in all aspects of work. The CPC Central Committee has fully affirmed the work done in Guizhou. Comrade Liu Zhengwei's performance over the past few years was good. Liu Zhengwei and Wang Chaowen also have coordinated well and have done a great deal of work in Guizhou.

Comrade Zhao Zongnai briefly introduced Comrade Liu Fangren and set demands for Guizhou's work at the conference. He hoped all cadres would unify their thinking based on the CPC Central Committee's decision and guidance in the speeches of the central leading comrades. He asked them to maintain stability and development in Guizhou, reinforce the work on nationalities and national unity, make concerted efforts to do a good job in current work, exercise greater efforts to construct a clean government, and resolutely fight against corruption. He said: There could be many ways to fight against corruption, but what counts most is to control oneself and one's own relatives and children. Examples are better than precepts; one must make oneself a good example. He expressed the hope that the broad masses of cadres and people of various nationalities in Guizhou would strive for a better Guizhou under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus. [while Zhao is speaking, camera shows Liu Fangren, Liu Zhengwei, Wang Chaowen, and Chen Shineng]

Liu Fangren, the newly appointed provincial party secretary, delivered an important speech at the conference. Liu Fangren said: I feel my grave responsibility with the CPC Central Committee's decision to transfer me to Guizhou. As far as I am concerned, I am mentally unprepared for such a heavy burden and deeply feel the great pressure. I shall learn from all of you and from the experience, as well as consult veteran comrades with an open mind to familiarize myself with the situation and my work as soon as possible. I hope all you comrades will give me your help. From now on, I will, together with comrades of the provincial party committee and its Standing Committee,

thoroughly study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics under the leadership of the CPC Central Committee and the State Council and implement the party's basic line of one central task and two basic points, in accordance with guidance from the 14th CPC Congress. We will uphold democratic centralism and strengthen collective leadership. We will rely on leading comrades in the provincial advisory committee, provincial commission for discipline inspection, provincial people's congress, provincial government, provincial committee of the Chinese People's Political Consultative Conference, and provincial military district, as well as on party committees and governments at various levels, and the broad masses of party members, cadres, and people of all nationalities from around the province. We will have various democratic parties, mass organizations, and persons without party affiliation fully play their role; respect and solicit opinions from veteran comrades; pool wisdom from all; and do our job well with one mind. In the past few years, Guizhou took giant steps forward in reform and construction over what it had achieved in the past. It has made great and marked achievements. Particularly since Comrade Deng Xiaoping made his important remarks in south China and since the 14th CPC Congress, Guizhou has gathered the momentum to develop its economy greatly, thanks to the Guizhou provincial party committee and government leading the broad masses of party members, cadres, and people to firmly follow and enforce the party's line, principles, and policies. Such momentum would not have been gained without the good foundation laid by leading bodies of previous terms of Guizhou provincial party committees and governments.

During the period when Comrade Zhengwei and Comrade Chaowen respectively took charge of the work of the Guizhou provincial party committee and government, they united and led the members of the provincial party committee and government to attach importance to combining the CPC Central Committee's line, principles, and policies with actual conditions in Guizhou and did a great deal of work to accelerate Guizhou's reform, opening up, and modernization, with great achievements. They both have many virtues and good qualities worth emulating. I hope Comrade Zhengwei will continue to show his concern over the work in Guizhou after taking his new post and visit Guizhou often to offer his help. [Liu Fangren is shown reading from a script, while camera pans to show meeting participants; some are taking notes, some are watching the front]

Liu Fangren said: Guizhou is a good place. Guizhou's hope lies in itself. This is a deep impression that I have had in my preliminary contact with Guizhou. Guizhou has beautiful landscape, a comfortable climate, rich resources, and diligent people. I have worked in Jiangxi for some 30 years, including eight years in the Jiangxi provincial party committee. Guizhou has many things in common with Jiangxi—they are both places where revolutionary veterans have fought battles, and they are both inland provinces; they both have a large proportion of mountainous areas, have a weak foundation for economic development,

but have abundant resources and great potential for economic growth. Having conscientiously analyzed provincial conditions and summed up experiences in developing the economy over the past years, the Guizhou provincial party committee and government have further clarified the idea for Guizhou's economic development and have proposed a series of policies and measures for promoting reform and opening wider to the outside world. This has been supported by the broad masses of party members, cadres, and people around the province and fully affirmed by the central authorities. The central authorities are very concerned with the development of central west China, including Guizhou.

General Secretary Jiang Zemin recently noted at a forum on the economic work of five provinces and autonomous regions in central west China: Because of various reasons, there is a gap between east China and west China in development. The central authorities have paid great attention to this fact and have taken some measures. We should understand that such a gap is created by history, and it is necessary that we take a course to close it. We should persist in reforming the system and readjusting policies to create an environment and conditions that are more conducive to competition and development, so as to narrow this gap gradually. The CPC Central Committee and the State Council are making policies to give greater support to the development of central west China, including Guizhou, and will continue to do so. Under the pressing circumstances of the country's great economic development, the large number of party members, cadres, and people in Guizhou are highly enthusiastic about accelerating development and revitalizing Guizhou. The aspirations of people of various nationalities in Guizhou for wealth and a better economy are the most powerful and valuable inner spiritual forces that push provincial work forward. I firmly believe that, under the leadership and solicitude of the CPC Central Committee and the State Council, as long as we further emancipate our minds, seek truth from facts, forge ahead in unity, and do a solid job, we will surely seize the opportunity to speed up development; as long as we strive for an effective pace of development in a down-to-earth manner, we will surely boost Guizhou's economy and live up to the expectations of the CPC Central Committee, the State Council, and people of all nationalities around the province. We must have full confidence to achieve this.

Liu Fangren pointed out: As Guizhou has entered a critical period of reform and development, it is necessary for us to take the lead in promoting industriousness, eagerness to learn, unity, fairness, and a pragmatic atmosphere, thereby mobilizing and guiding the party members, cadres, and masses in the province to work hard to invigorate Guizhou.

To be industrious means that we must redouble efforts to promote our cause. While there are many favorable conditions for Guizhou's development, the province is also confronted with numerous difficulties. As conditions in many areas of Guizhou are comparatively harsh, if we are to bring about a rapid development of its economy, we

must work harder than other people. The Guizhou provincial party committee has proposed that it is necessary to carry forward the Long March spirit of strengthening confidence, building an enterprise through arduous effort, working with selfless devotion, and advancing in unity. I totally agree with this. I am from Shaanxi and have worked in Xian. Later, I worked in Jiangxi for quite a long time. Now I have come to Guizhou. To be frank, the conditions in many areas in Shaanxi and Jiangxi are comparatively harsh. I am not afraid of hardships. Since I have come to work in Guizhou, I am determined to work arduously. I am prepared to join you comrades in working industriously to promote Guizhou's modernization.

To be eager to learn means we must persist in arming ourselves with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; constantly improve our ability to guide the building of the two civilizations; be good at learning from practice; promptly sum up Guizhou's valuable experience in reform and development; modestly learn from the cadres and masses and from veteran comrades; listen to the opinions and suggestions from all sectors; arduously study economic theories and modern science and technology; strive to master the laws of a socialist market economy, and apply them to guide economic work in Guizhou; and avoid subjectivism and one-sidedness.

To unite means we must further rally the people; enhance the collective advantage of leading bodies to the fullest possible extent; and pull together the attention and initiative of the party members, cadres, and people of all nationalities in the province so as to work jointly to invigorate Guizhou. When we talk about unity, we mean, first of all, the unity among leading bodies and the unity of the leading core. To promote unity in the provincial party committee, we must first begin with ourselves. We must persist in democratic centralism. All major issues should be discussed collectively, and we must resolutely implement resolutions once they are adopted. Members of leading bodies should respect, trust, support, and understand each other. They should unite and advance as one body. Guizhou is a province where many nationalities live. We must resolutely implement the party's nationality policies, specially cherish and safeguard the great unity among various nationalities, and bring about a lively situation in the province in which the people of all nationalities respect each other and learn from each other's strong points to supplement one's own shortcomings in order to improve together.

To be pragmatic means that in doing our work, we should speak the truth, work hard, do solid work, and pay attention to efficiency. We should hold fewer meetings, cut down on social intercourse, and go to the grass-roots units to ensure implementation of policies. In particular, we should go to areas where conditions are harsh, where problems are numerous, and where complaints from the masses are many to implement policies. We must guard against bureaucratism, formalism, and superficiality. We must do our tasks quickly, and when we do our work there should be results as well as feedback. We must not put off

our work or do it sloppily. Only by working quickly and efficiently can we gain time, achieve benefits, seize the opportunity, and speed up development. Otherwise, we will lose the opportunity no matter how good it is.

To be fair means we must serve the party, be honest, be impartial in doing our duties, and not be swayed by personal considerations. In doing our work, we must adhere to principles and party spirit and justly assess our work and cadres. When we assess the work of enterprises, we should mainly consider their efficiency. When we assess the situation in rural areas, we should mainly pay attention to prosperity there. When we assess cadres, we should mainly look at their political quality. In evaluating a cadre, the most important thing is to find out whether he adheres to party spirit and principles and whether he works hard. We must persist in appointing people on their merits, not by favoritism. We must follow the principle of dealing with comrades on an equal footing regardless of where they come from and never give special treatment to friends and relatives. We should trust, rely on, and support cadres who work hard and who resolutely implement the party's basic line, and give full play to their role to encourage party members, cadres, and the masses to have ease of mind and to work boldly to promote their cause.

Liu Fangren said: I am determined to join you in abiding by and also consistently adhering to these words—industriousness, eagerness to learn, unity, pragmatism, and fairness. I ask comrades to give support as well as to exercise supervision. I will join you comrades and the people of all nationalities throughout the province in doing everything possible to speed up Guizhou's development.

Speaking on the tasks for the immediate period, Liu Fangren said: The following points can be spelled out first: 1) Tasks for the immediate period will proceed according to the work plans already mapped out by the provincial party committee and the provincial government. 2) Members of the provincial party committee Standing Committee should continue assuming responsibility for their respective tasks on the basis of the original work plans. 3) Special efforts must be made to promote the current economic work. We have entered the second half of this year. Our economic work is heavy, and the pressure on us is heavy. In particular, there is a prominent contradiction in money supply and demand. Party committees and governments at all levels must conscientiously study and implement the guidelines of Document No. 6 of 1993 issued by the party Central Committee, think and act in accordance with Central Committee instructions, carefully analyze the current economic situation, adopt effective measures, clearly define tasks for all concerned, ensure implementation of policies, conscientiously resolve the outstanding economic problems, strive for a good bumper agricultural harvest this year, and ensure the fulfillment of various economic plans this year. Comrade Chen Shineng has been asked to take charge of these tasks in coordination with the relevant Standing Committee members and vice governors. 4) We should prepare for the provincial party congress. Taking into consideration that the new provincial party committee will be elected in the fourth

quarter of this year, we should now do the following tasks well: a) We should draft the provincial party committee, the provincial advisory commission, and the provincial discipline inspection commission work reports; b) we should examine and elect representatives to the provincial party congress; c) we should select candidates for the new provincial party committee and the provincial discipline inspection commission. The provincial party committee work report to the provincial party congress should sum up its work and make plans for the tasks in the next five years. This is very important. The examination of candidates to the provincial party congress and the examination and election of candidates to the new provincial party committee and discipline inspection commission are important matters having a direct bearing on the success of the provincial party congress and party building and the building of the two civilizations in the next five years. The provincial party committee must strengthen leadership over these tasks and make sure that it is done well. I and Comrade Chaowen will be in charge of this task with the help of other relevant comrades under the leadership of the provincial party committee standing committee.

Comrades Liu Zhengwei and Wang Chaowen also spoke at the meeting. Provincial party, government, and military leaders, including Chen Shineng, Long Ziyi, Su Gang, Liang Mingde, Wang Siqi, Zhang Shukui, Hu Kehui, Liu Hanzhen, Zhu Qi, Yuan Ronggui, and (Li Wanlu), attended the meeting.

Guiyang Radio Reports Replacement

HK1207111493 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 10 Jul 93

[Excerpt] The Guizhou Provincial CPC Committee held a provincial meeting of leading cadres in Guiyang yesterday morning. At the meeting, Zhao Zongnai, deputy head of the Central Organization Department, released the CPC Central Committee's circular on the appointment of Comrade Liu Fangren as secretary of the Guizhou Provincial CPC Committee and the appointment of Comrade Liu Zhengwei, former secretary of the Guizhou Provincial CPC Committee, as deputy secretary of the Work Committee for Central Government Organs in charge of day-to-day administration.

At the meeting, Zhao Zongnai conveyed central leaders' cordial greetings to the people of all nationalities in Guizhou and the affirmation and advice offered by the central authorities on the work of the Guizhou provincial committee and government in recent years.

Comrade Liu Zhengwei, former secretary of Guizhou provincial committee, said with deep feeling at the meeting: During my office in Guizhou, I have been enjoying the support from the people of all nationalities throughout the province and the party committees and governments at all levels. Here I would like to express my heartfelt gratitude. I will never forget the land of Guizhou and the people of all nationalities here. I believe as long as we are of one mind and unite as one, Guizhou is full of promise.

Comrade Liu Fangren, the newly appointed secretary of Guizhou Provincial CPC Committee, made an important speech at the meeting.

He said: The CPC Central Committee and the State Council are very concerned with and pay close attention to the work and the people of all nationalities in Guizhou. They have fully affirmed the achievements of Guizhou's provincial committee and government in the past years and raised ardent expectations on the future work of Guizhou. The CPC Central Committee and the State Council are, and will certainly continue, giving more policy support for the development of central and western parts of China, including Guizhou. At present, with the pressing atmosphere of rapid economic growth around the country, the broad ranks of party members, cadres and masses are very enthusiastic about accelerating development and invigorating Guizhou. The people of all nationalities in Guizhou yearn for prosperity and Guizhou's economy must flourish: This is the most powerful and precious inner spiritual drive that propels the work onward in the whole province. I am convinced that under the leadership and care of the CPC Central Committee and the State Council, as long as we continue to emancipate our minds, seek truth from facts, forge ahead in unity, and do practical things in a down-to-earth manner, we are bound to be able to seize the opportunity, speed up the development, succeed in our substantial effort to attain a high rate of growth with sound cost-effectiveness, and boost Guizhou's economy without letting down the CPC Central Committee and the State Council as well as the people of all nationalities with all their expectations of us. We must be fully confident in this.

Liu Fangren said: At present, Guizhou is in a crucial period of reform and development. We must continue to take the lead in initiating the atmosphere of being diligent, eager to learn, united, pragmatic, and fair, and more effectively mobilize and lead the broad ranks of party members, cadres, and masses across the province to strive together to invigorate Guizhou.

Comrade Wang Chaowen, deputy secretary of the provincial party committee, presided over the meeting. [passage omitted]

Official: 'Peace' Returns to Sichuan's Renshou

HK1107074093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1154 GMT 9 Jul 93

[By reporter Wen Jie (5113 1240): "Sichuan Government Official Says Peace Has Returned to Renshou County, Where Peasant Riots Recently Occurred"]

[Text] Hong Kong, 9 Jul (ZHONGGUO TONGXUN SHE)—Lei Yuyi, deputy secretary general of the Sichuan provincial government, has said that peace has returned to Renshou County, where peasant riots occurred some time ago. Organized and assisted by government departments at various levels, the peasants there are fighting drought to ensure a good harvest.

After presiding over a news briefing for Sichuan's new technology and new products exhibition in Hong Kong

today, Lei Yuyi told our reporters that, as a large agricultural province, Sichuan has been attaching great importance to rural economic development, including increasing the peasants' standard of living and protecting their interests. It worked out regulations long ago which stipulated that various taxes paid by the peasants should not be higher than 5 percent of per capita annual net income. The provincial government fully understands the resentfulness of the masses of peasants who participated in the demonstrations and riots, which was aroused by the excessive charges imposed by grassroots government departments. It has ordered the relevant departments to return a portion of the excessive charges to the peasants. The peasants of Renshou County are satisfied with the way that the provincial government has handled this case. At present, organized and assisted by government departments at various levels, the peasants of this county are fighting against drought to ensure a good harvest. Those troublemakers who engaged in beating, smashing, and robbing during the incident and broke the law will be punished according to the law.

Lei Yuyi pointed out: The Sichuan provincial government is conscientiously implementing the "Agricultural Law" adopted by the National People's Congress [NPC] this year and is implementing measures to protect the peasants' interests according to the law and develop the rural economy. The problem of giving "IOU's" to the peasants has basically been solved. He also said that the current measures to tighten credit will not affect the procurement of agricultural products, because the funding policy is primarily aimed at promoting agriculture and the construction of basic facilities.

Rural Industry Gains Momentum in Sichuan

OW1007021093 Beijing XINHUA in English 0141 GMT 10 Jul 93

[Text] Chengdu, July 10 (XINHUA)—Rural industry in southwest China's Sichuan Province has gained momentum in the past two years.

Last year, the output value of the rural industry in the province reached 106.3 billion yuan, increasing by 60.5 percent over the previous year.

The statistics for the first half of the year show that the output value of rural industry was 93 billion yuan and the total income was 82.1 billion yuan, respective increases of 118.3 and 112.02 percent over the same period of last year.

The growth rate of profits of the rural industry in the province reached 119.5 percent.

As the largest agricultural province in China, Sichuan now has a large number of rural industries with eight million employees.

The Sichuan provincial government set accelerating the development of rural industry as its strategic breakthrough in revitalizing its economy.

Early this year, the province mobilized more than 10,000 scientific and technological workers to go to rural areas and help rural enterprises.

Now the rural industry has seen a change from labor-intensive to technology-oriented production and more and more rural enterprises are making use of technology and equipment from research institutes and new and high technology and civil-oriented techniques from the military.

Tibet To Set Up More Middle, Primary Schools

OW1007033793 Beijing XINHUA in English 0252 GMT 10 Jul 93

[Text] Lhasa, July 10 (XINHUA)—The Tibet Autonomous Region will invest 45.7 million yuan to construct 10 new middle schools and 63 primary schools this year.

At present, there are 2,831 primary schools with 190,000 pupils and 62 middle schools with more than 23,000 students in Tibet.

However, the figures still run short of the local people's demand for better education for their children, according to the regional education department. In some townships there are still no primary schools and a number of counties have no middle schools.

The regional Communist Party committee and regional government set the year of 1993 as the "Year of Education" and they have formulated a plan targeting a middle school for every county and a primary school for every township.

In addition, this year the Tibet Autonomous Region allocated another 23 million yuan in educational funds to support localities to develop educational services.

North Region

Beijing Secretary Inspects Fangshan District

SK0907125993 Beijing BEIJING RIBAO in Chinese 19 Jun 93 p 1

[Text] Chen Xitong, secretary of the municipal party committee, traveled on 17 June to Fangshan District to inspect its work and give guidance, during which he stressed: In developing the rural economy, we must have new ideas, carry out economic work in a big way, run agriculture as an enterprise, and enable agricultural development to enter a higher level.

Yang Chaoshi and Duan Bingren, members of the Standing Committee of the municipal party committee, also joined in the inspection and gave work guidance. Party and government leaders of Fangshan District gave work briefings.

Since last year, the Fangshan District party committee and government have conscientiously implemented the important speech of Comrade Deng Xiaoping's delivered during his tour to south China and the guidelines of the 14th party congress; emancipated the mind; persisted in taking economic construction as the central task; paid attention to changing the leadership work style; extensively carried out lateral ties; given play to the exemplary and leading role of 50 demonstration villages and 75 key enterprises; achieved new breakthroughs in the three major superior industries,

including the construction and building materials industry, chemical industry, and tourist industry; and have achieved fairly big progress in three major aspects, including the building of the three types of foreign-funded enterprises, tertiary industry, and satellite cities.

Chen Xitong affirmed the work done by Fangshan District during recent years and called on the district party committee and government to seize the current opportunity, proceed from the reality of the district, and further accelerate economic development. He stressed that agriculture is the foundation of the national economy and grain is the most important foundation which we must never waver in it. Townships and villages which have already attained the target of producing 10,000 metric tons of grain should strive to produce 15,000 metric tons of grain. In carrying out optimum-scale farming, we must not stick to the existing pattern. We should seek new and greater development in this aspect. For example, under the premise of not changing the ownership, we should strive to separate ownership from managerial authority, break the village and township barriers and contract the farming work to those who have a good knowledge of technology and management. The implementation of the shareholding cooperative system is helpful to reducing administrative intervention, changing the mechanism of enterprises, solving the funding shortage problem, and mobilizing the enthusiasm of the producers and managers. We should actively use foreign capital, adopt advanced technology, actively develop township and village-run industries, and develop tertiary industry.

Chen Xitong and other leaders also inspected the three summer tasks in six villages, including Nanhanji, Doudian, Hancunhe, Xinjie, Baicaowa, and Liulidian. After listening to a briefing given by Sun Shuxin, party branch secretary of Nanhanji Village, who is a national labor model, Chen Xitong said: Nanhanji is a red banner on the national agricultural front. It should deeply carry out optimum-scale farming and unceasingly raise the grain output. At Doudian Village, Chen Xitong inspected the agricultural high yield experimental fields and took a photograph with the national labor model Zhang Zhenliang, secretary of the party branch of Doudian Village. He called on Doudian Village to further emancipate the mind, extensively introduce investments from other localities in China and establish ties with foreign countries, develop more "three types of foreign-funded" enterprises, enable the total economic revenue of the rural areas to increase by a large margin, and make the living standards of peasants not only become well-off but also attain a higher level.

While holding talks with the district, village and township leaders, Chen Xitong learned that Fangshan district and Yanhua General Company had signed a comprehensive economic and technological cooperation agreement in last September. Since then, their jointly operated projects have developed from 10 to nearly 100. He praised Yanhua Company for his good way of doing things and pointed out that it is a good way for large and medium-sized enterprises to cooperate with the localities, to persist in supplementing each other with one's superiority, to seek mutual

benefit and mutual help, and to promote each other. State-owned large and medium-sized enterprises in the suburban areas of Beijing should learn from the Yanhua Company.

Beijing Achieves 'Steady Economic Growth'

OW1207014793 Beijing XINHUA in English 0054
GMT 12 Jul 93

[Text] Beijing, July 12 (XINHUA)—Following efforts to deepen reforms within state-run enterprises and to accelerate the pace of opening to the outside world, Beijing Municipality achieved a steady economic growth rate and better economic efficiency in the first half of this year, city officials say.

The city's total industrial output value in the period reached 48.36 billion yuan, 15.1 percent higher than the same period of last year, according to the latest city statistics. The sales rate of products amounted to 95.2 percent, an increase of 1.6 percentage points. The city's retail sales of goods reached 26.06 billion yuan, an increase of 28.8 percent over last year.

Economic growth was achieved on the basis of the development of markets. Pre-tax profits of industrial enterprises at or above the township level rose by 12.6 percent to reach 6.88 billion yuan. Meanwhile, pre-tax profits of the city's commercial enterprises was 580 million yuan, which marked an increase of 23.9 percent.

The city's investment in fixed assets was 8.67 billion yuan, a rise of 31.4 percent. 75.4 percent of the additional investment was put into the construction of such basic facilities as railway stations, an airport, highways and housing.

The city approved in the first six months of this year the establishment of 1,875 enterprises involving overseas funds. The total contracted investment in these enterprises reached 5.24 billion U.S. dollars, 3.09 billion U.S. dollars of which will be provided by overseas investors. The two figures were 7.2 and 9.1 times that of the comparable figures from the same period of last year. Meanwhile, the city received 900,000 overseas tourists, an increase of 9.8 percent.

The city's financial revenue reached 3.69 billion yuan, increasing by 4 percent. The annual per-capita income of city residents amounted to 2,300 yuan in the first half of the period, which translates into an actual increase of 5 percent after accounting for inflation.

Hebei Secretary Attends Leading Bodies Meeting

SK0807102193 Shijiazhuang HEBEI RIBAO in
Chinese 23 May 93 pp 1, 2

[Text] The provincial party committee held a joint meeting of provincial-level leading bodies on the morning of 22 May. Cheng Weigao, secretary of the provincial party committee, gave a speech at the meeting entitled "Several Expectations on the Provincial-Level Leading Bodies." The full text is as follows:

The first session of the eighth provincial people's congress and the first session of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC] have successfully concluded, and the new leading bodies of the provincial people's congress, government, and CPPCC committee have been elected. Meanwhile, the provincial party committee has also been replenished with a number of new personnel. As the tenure of the several new leading bodies at the provincial level will go through the Eighth Five-Year Plan period and continue till the Ninth Five-Year Plan period, they shoulder the historical mission of building an economically strong province. The purpose behind this joint meeting of the provincial party committee is to enable the new leading bodies to appear before the cadres and the masses throughout the province with a new outlook from the very beginning, establish a new leadership image, and unite and lead the cadres and the masses to accelerate reform, opening up, and the modernization program. I will speak on some opinions and put forward some expectations to several provincial-level leading bodies to mutually encourage one another.

First, we should attach importance to and intensify study and strive to improve the leadership level. We are currently in the crucial period for deepening reform, opening wider to the outside world, and facilitating the development of the socialist market economy, and new things and new problems emerge in an endless stream. Many things with which we are familiar have become useless, and many things have emerged which we do not understand or are unfamiliar with. It is in such a situation that we should all the more do what Comrade Deng Xiaoping pointed out and "must have the ability to study and the ability to restudy." Only by intensifying study can we truly gain leadership power, continuously improve the skill to use the Marxist stand, viewpoints, and methods to explore and resolve new political, economic, and social issues, and acquire a stronger sense of adhering to principles in work, a systematic approach, foresight, and creativity.

There are many things we should study, including politics, theory, professional work, and scientific and technological knowledge. However, the most important things we should study together and should study repeatedly are one theory (Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics), one line (the party's basic line consisting of one central task and two basic points), and one spirit (the 64-character pioneering spirit put forward by Comrade Jiang Zemin at the first session of the eighth National People's Congress). The theory of building socialism with Chinese characteristics is the Marxism of contemporary China and a powerful ideological weapon guiding us to build an economically strong province and accomplish the new historical tasks. The party's basic line consisting of one central task and two basic points is not only based on the theory of building socialism with Chinese characteristics but also a component of this theory, and, therefore, the study of the "theory" should be combined with the study of the "line." Our great pioneering practice of building an economically strong province should not only be guided by the theory of building socialism with Chinese characteristics and the party's basic

line but also be supported and encouraged by a great pioneering spirit. The "64-character" pioneering spirit put forward by Comrade Jiang Zemin comprehensively summarizes the basic content of the pioneering spirit of the new period and embodies the requirements of the theory of building socialism with Chinese characteristics and the party's basic line. It is concise and comprehensive and rich in content, and we should study and implement it very successfully. Provincial-level leading bodies should lead the study and reflect the pioneering spirit in their deeds. Through this, we should effectively promote the implementation of the party's theory and line and continuously develop the width and depth of the pioneering practice of building an economically strong province.

Judging from the current situation, we should particularly resolve three issues well when intensively studying the one theory, one line, and one spirit. 1) We should further emancipate the mind and update our concepts. No one opposes this. However, when encountering specific contradictions and difficulties in work, many comrades still resort to the thinking that took shape under the planned economy to think over and study problems. They still "wait for, rely on, and ask for" assistance from higher levels instead of studying ways of solving problems from reform and from the market. This shows that it is not an abstract term to emancipate the mind and update concepts, and that it is not easy work to eliminate "leftist" and outdated ideas, and we should carry out this work with repeated, thorough, and specific efforts. 2) We should positively, comprehensively, and accurately understand the guidelines of Comrade Xiaoping's important speeches given during his south China inspection tour and the guidelines of the 14th national party congress and guard against lopsided understanding. To seize the opportunity to accelerate development, we should, on the one hand, value this golden opportunity, firmly seize it, and strive to bring the economy up to a new stage as soon as possible. On the other hand, we should use the opportunity in a scientific manner and guard against blind pursuit of high growth rate, mistakes, and large ups and downs. If we pay no attention to this and remain muddle-headed, we will also miss opportunities. To build an economically strong province, we should not only promote the economy but also promote comprehensive social progress. Without comprehensive development in the spiritual civilization, democracy and the legal system, and party building, it is impossible to promote the economy and build an economically strong province. Therefore, we should always adhere to the principle of attending to these two fields of work simultaneously and aim to be competent in both. 3) We should further solve problems related to our mental attitude. This means that we should study and implement the 64-character great pioneering spirit advocated by Comrade Jiang Zemin—"emancipating the mind, seeking truth from facts, actively exploring, bravely creating the new, working hard, advancing despite difficulties, learning from foreign countries, making unremitting efforts in self-improvement, being modest and prudent, guarding against arrogance and rashness, working in unison, taking overall situation into consideration, being industrious and frugal,

being clean and honest, exerting vigorous efforts to make the country prosperous, and devoting oneself selflessly."

Second, we should do a good job in cooperation and make Hebei's work successful with concerted efforts. Experiences have shown that a locality cannot possibly make its work successful if each of its leading bodies acts its own way instead of cooperating and coordinating with others. Seven years are left in this century. Time is pressing and tasks are arduous. The party Central Committee and Hebei's 62 million people have placed their hopes on us. We must only make Hebei's work successful and never fail. To achieve this, the key lies in the successful cooperation of several leading bodies at the provincial level. If all the leading bodies keep the cardinal principles in mind, take the overall situation into consideration, emphasize party spirit, and promote unity, we will be able to form a powerful force to build an economically strong province and promote economic prosperity and social progress.

The provincial party committee is primarily responsible for the coordination and cooperation of the numerous provincial-level leading bodies. As the provincial party committee is in the central and leading position among the numerous leading bodies, it should have both the courage and the ability to exercise leadership. It should regularly study major issues in the work of the government, people's congress, CPPCC committee, and discipline inspection commission and assign its personnel to establish regular work ties with these bodies. It should chiefly give guidance concerning work orientation, work focuses, and principles and policies instead of taking over specific works of numerous leading bodies. Before making important policy decisions, it should pay heed to the suggestions and opinions of the leading bodies and rely on them to implement the decisions once they are made. Regarding the important work of common concern that should be done, it should pay attention to unifying thinking, coordinating, and truly uniting with the leading bodies. The provincial party committee should strive the above. We hope that you comrades will supervise, criticize, and help us more.

Under the unified leadership of the provincial party committee, the provincial government, people's congress, and CPPCC committee should fully perform their responsibilities of their own accord and work creatively. The provincial government is the provincial-level executive organ of the state organ of power and is in an important forefront position to carry out unified command and management of economic and social development. When leading work, the government should both give prominence to priorities and take the overall situation into account. It should strengthen leadership and, in line with the needs of the "outlines for rejuvenation," accomplish some major work every year that is supported by the people. It should judge the hour and size up the situation, study and analyze on a regular basis the development and trends in the province's economic operation, make quick reactions and timely decisions, and acquire more foresight and initiative in doing work. It should firmly implement the major measures for economic construction and social development

continuously until success is achieved. When implementing the instructions of the party Central Committee and the State Council, it must proceed from the reality of the province, find a way to best integrate the instructions from higher levels with the reality at lower levels, and make sure that government orders are carried out smoothly but not mechanically. To meet the need for developing the market economy, it should guide the various government departments to conscientiously change their functions, enhance the sense of service, and strive to provide service to the grass-roots units, enterprises, and the growth of the market. It should fully respect the people's congress' performance of duties according to law, be responsible to the people's congress, give work reports to it according to regulations, and subject itself to the supervision of the people's congress according to law.

As the provincial-level organ of state power, the provincial people's congress holds the heavy responsibility to exercise the power of managing state affairs on behalf of the people throughout the province, and it should comprehensively perform the responsibilities entrusted by the Constitution and laws. Its most important work now is to achieve success in local legislation. In a certain sense, the market economy is also a legal economy. Without the guarantee of a sound legal system, the socialist market economy system cannot be established successfully, still less be improved. The National People's Congress has called for accelerating economic legislation. The provincial people's congress should also draw up a number of local laws and regulations as soon as possible based on the urgent need of the market economy and Hebei's reality. A success in this work means a high level of guarantee for and service to economic construction, reform, and opening up. While accelerating legislation, the provincial people's congress should strengthen legal supervision and work supervision. The legal supervision is the focus of supervision, and the problem of failure in abiding by and enforcing laws strictly and in handling law breaches should be addressed in a serious manner. The provincial people's congress should particularly supervise the enforcement of important economic laws and regulations directly related to economic construction and the growth of the market and, through which, promote the implementation of the laws and regulations. It should also achieve success in work supervision, which means the supervision according to law over the five-year plans, annual plans, and important work arrangements and the work supervision over the issues the masses are universally concerned about and not the supervision over the day-to-day work of the government. The provincial people's congress should also exercise according to law the power of deciding on major issues, including important personnel changes. Regarding the personnel appointments or removals that should be made by the people's congress, the provincial party committee should fully give heed to the opinions of the people's congress before the decision is made; and, after the decision is made, it should give explanation to the leading party group of the people's congress in a responsible manner, and the leading party group of the people's congress should ensure the implementation of the provincial party committee's intentions.

"Veto" means to exercise power, and "approval" also means to exercise power. Turning the party committee's intentions into the will of the state is an important aspect of the people's congress' performance of duties and also an important reflection of the people's congress' work, which should be based on, serve, and ensure the overall situation.

Following the development of reform, opening up, and the modernization program, the provincial CPPCC committee, as an organization of our party's patriotic united front and an important political system with Chinese characteristics, will play an increasingly prominent role. The provincial CPPCC committee should further strengthen and systematize political consultation and democratic supervision and carry them out on a regular basis. On one hand, the provincial party committee should do a still better job in informing the CPPCC committee, democratic parties, and democratic personages of important matters; solicit their opinions; and encourage them to air their views freely. On the other hand, the CPPCC committee should take the initiative in developing its own advantages, consider, discuss, and attend to major issues, and submit its opinions and suggestions to the party committee and government in a timely manner. The session of the provincial CPPCC committee particularly emphasized the need to develop the overall functions of the CPPCC, improve the quality of consultation and supervision, and contribute suggestions and efforts to economic construction. This was very good. To achieve it, the CPPCC committee should accurately select the affairs it will participate in and discuss. It should select the major issues that concern the overall situation of Hebei's reform, opening up, and modernization program. Through inspections, investigations, and discussions, it should clarify the situation and, in line with the principle of the socialist market economy, offer the suggestions and methods that are based on real knowledge and deep insight and capable of solving problems. Meanwhile, it should also organize and support CPPCC members to actively make contributions to rejuvenating Hebei's economy by providing information and consulting service, serving as a bridge to link others together, developing cooperation at home and bringing in investment from abroad, and establishing economic entities.

In short, under the leadership of the provincial party committee, the several new leading bodies should firmly submit to and serve the central task of economic construction, fully perform their functions, standardize their own behavior in line with the idea of "achieving coordination throughout the province," and make sure that they closely coordinate with each other and exert concerted efforts to make Hebei's work more successful.

Third, we should strengthen unity of the leading bodies and enhance their cohesive force and combat strength. The unity of the several provincial-level leading bodies is very important. It is the fundamental guarantee for the leading bodies to accomplish something and also a fundamental guarantee for the people throughout the province to "move Tai Shan with concerted efforts." All our comrades should

cherish the unity of the leading bodies as they cherish their eyes and make efforts to strengthen the unity of the leading bodies.

Based on the experiences and lessons we have summarized, we should particularly pay attention to the following work concerning the unity of leading bodies. 1) We should act strictly according to the principle of democratic centralism. This is the truth everyone clearly understands, but the key is how to implement it well. When discussing and making decisions on major issues, the top leader of a leading body must develop democracy, hold full discussions, earnestly listen to the opinions of its members, especially different opinions, and guard against the practice of allowing an "individual the final say." All the members should show concern for the overall work, actively air their views, resolutely implement the decisions of the collective once their opinions are vetoed by the majority of members, and never act their own way. 2) We should use the party spirit to hold power. Most of the people present here are Communist Party members. Since they are the people of the party, they should listen to what the party says, act according to party spirit and principles, and have the ability to cooperate with the people outside the party. Only in this way can they unite in one and work with one heart and one mind. Using the party spirit to hold power requires that we are impartial and honest when considering and handling issues, and that we are open and aboveboard and air different opinions and views openly. We should have the courage to eliminate outside interference of erroneous ideas, particularly refrain from quibbling over the issues concerning right and wrong left over in history, and unite in one to look ahead. 3) We should promote the ideological communication and friendship between members of the leading bodies. Comrade Mao Zedong said that "understanding, support, and friendship" between members of leading bodies are "more important than anything else." Since we are linked by a common target, we should promote our comradely feelings and friendship as comrades-in-arms, hold more heart-to-heart talks on our ideas, support and help each other in work, and show concern for and cherish each other in everyday life. When we have differences in opinions, we should "make concessions" and achieve mutual understanding as long as the differences do not lie in principles. Even if there are differences in principles which cannot be bridged for the time being, we may give in temporarily as long as our work is not affected. 4) We should successfully carry out the regular activities of the organizations as both cadres and ordinary party members and earnestly conduct criticism and self-criticism. The unity we are emphasizing does not mean to keep on good terms with everyone at the expense of principle. Members of leading bodies should take the lead in self-criticism and criticize others out of goodwill so that they can resist the corrosion of the numerous nonproletarian ideas and build up their unity on a firm ideological base of the Marxist principle.

Experiences have proven that many problems affecting the unity of leading bodies arise in cadres. Therefore, it is an important link of achieving unity to correctly handle the

issues relating to cadres. We should persist in and emphasize three points. 1) The principle of the party managing cadres is decided by the party's status as a ruling party. We should have no doubt about this and should resolutely implement this principle. All departments should abide by and implement the cadres' appointments and removals studied and decided on collectively by the provincial party committee. 2) Members of leading bodies have the responsibility and obligation to recommend personnel to party committees, but this should be done according to the stipulated procedures. We should send honest comrades with the experiences in cadres' work to conduct in-depth investigations to ascertain the situation, judge cadres based on party spirit and principles, and evaluate cadres based on their work performance. 3) In line with the principle of democratic centralism and the procedures for cadres' appointments and removals, we should give heed to the opinions of various quarters, especially the opinions of pertinent leading comrades before we judge cadres. When recommending cadres or offering opinions on selection of cadres, pertinent leading comrades should proceed from the overall situation, give consideration to both the quality of an individual cadre and the overall structure of the leading bodies in order to make it more convenient for the provincial party committee to make unified arrangements. A resolution made by the provincial party committee after study should be resolutely implemented and safeguarded. I believe that we can handle this issue well. We hope that the unity of the leading bodies will not be affected by cadre-related issues at least during their tenure.

Fourth, we should set strict demands on ourselves and always remain clean and honest. Administrative honesty is a hot issue about which the people are concerned. It can be said that the people throughout the province are watching us with their eyes wide open to see whether we are honest cadres and whether we are honest leading bodies. There are two problems about which the masses have many complaints. One is the unhealthy practice in appointing personnel. This problem is reflected not only in some people's effort to establish unprincipled personal connections and to look for support. They also ask for, purchase, and sell official posts, but, more serious, are their "good results" in asking for, purchasing, or selling official posts. We cannot but attribute this problem to the unhealthy practice of leading persons. The other reasons for the problem are the abuse of power for selfish gain, deals between power and money, purchases of shares by use of power, abuse of power to do business and increase income, refusal to work without benefits, and not distinguishing between private and public affairs. Squandering and waste as well as ostentation and extravagance are also a problem. If we leave such a corrupt phenomenon to spread unchecked, what hope do we have to build an economically strong province? Li Shangyin, a Tang Dynasty poet, said: A review of the states and homes run by previous virtuous persons showed that success came from industriousness and frugality, and destruction came from waste. Wang Anshi, a Song Dynasty statesman, also said: Wealth comes only after success, and who knows if comfort and

pleasure will not bring disaster? The thoughts of our forefathers toward the history remain a maxim even today. Practice has proven that the more the endeavor of reform and opening up is invigorated, the more we should oppose corruption and advocate honesty. At no time should we slacken efforts in and neglect administrative honesty. Otherwise, we will commit an extremely serious mistake.

Regarding whether the province can achieve success in maintaining honesty in administration, people who are present here shoulder heavy leadership responsibility. We should start with ourselves and successfully discipline ourselves as well as our dependents and the persons working beside us, especially our secretaries and chauffeurs. The provincial leading cadres should be the first to do what they ask lower levels to do. Here, I will put forward five requirements. It is hoped that everyone will abide by them and subject oneself to the supervision of the masses. 1) We must not, under any excuse, appoint people by favoritism, form factions, or engage in the unhealthy practice relating to the issues on cadres. 2) We must not, under any excuse, take money as a token of appreciation, marketable securities, or various cash gifts. 3) We must not assume concurrent posts in enterprises or companies unless there is a special need approved by the provincial party committee, and we must not accept payment even if we take concurrent posts. 4) We must not ask subordinate units to share our personal expenses. 5) We must not allow our dependents and persons working beside us to give our names as references when handling private affairs. These are the most basic requirements on revolutionary cadres. We should and can meet the requirements.

When opposing corruption and advocating honesty, we should not only discipline ourselves well, but also we should have the courage to tackle problems. Regarding the notorious cases about which the masses have many complaints and the unhealthy trends in the areas under our jurisdiction, we should have the courage to address them and strictly investigate and handle problems and never turn a blind eye to them or tolerate them. Meanwhile, we should resolutely resist the "trend of interceding." It has become very difficult to deal with a person who has committed mistakes because there are people coming from all quarters to intercede for him through various measures. Such a trend has become so rampant that it seriously affects the normal work of discipline inspection, supervision, and law-enforcement departments. Therefore, we should first refrain from interceding for others, and when there are people who come to intercede for others, we should warn them of the consequences and resolutely send them back so as to create a good environment for law-enforcement departments to carry out work.

Fifth, we should guard against formalism and persistently work hard to pioneer our undertakings. The "outlines for rejuvenating Hebei's economy" were discussed and approved at the first session of the eighth provincial people's congress. The targets of building an economically strong province have been defined, and measures put forward. The key lies in "performance of work." Starting

with the provincial-level leading bodies, we should establish a diligent and realistic work style, work conscientiously and industriously, do practical work, achieve good results in all work as soon as possible, and create a new Hebei through our work performance.

A. We should establish a work style of doing work thoroughly. Based on the work assigned them, members of the several provincial-level leading bodies should go deep into the fields of work under their charge. They should conduct in-depth, systematic, and meticulous investigations and study instead of superficial, fragmentary, and careless work. Numerous contradictions will emerge, and new situations and new problems will be many in the process of changing the economic system. Therefore, leading persons should all the more attach importance to investigations and study. Only when they know more about the situations, experiences, and problems concerning the work under their charge and know them more meticulously and thoroughly can they make scientific policy decisions and exercise effective leadership.

B. We should accurately grasp the major contradictions. This means that we should closely coordinate the work enthusiasm for seizing the opportunity with the scientific approach of seeking truth from facts and, after conducting in-depth investigations and study, have the ability to grasp the major contradictions as well as the key links and difficult issues in the operation of work and devote major efforts to resolving the key issues that have a great impact on the overall work. Only in this way can we avoid doing only vague, general work and open up a new situation in all work. We should have a firm grip on the work we are sure of its worth and carry it through to the end; but we should never act rashly if we are not sure of the worth of an endeavor or do the work that has been proven wrong in practice. Comrade Deng Xiaoping said that "we should have the courage to experiment and blaze new trails when we are sure of the worth of an endeavor." The premise of this is "to be sure of the worth." It is a rash act we should always guard against to "blaze new trails, experiment, and take risks" when we are not sure of the worth of an endeavor.

C. We should implement measures in a down-to-earth manner. This means that when doing work in all fields, we should be conscientious and diligent, do more and speak less, avoid formalism and superficial work, develop no "art of potted landscape," judge all work on the basis of actual results, and judge merits or demerits on the basis of actual performance. Whether we have carried out work in a down-to-earth manner should be judged not by how many meeting, documents, and activities we have held or issued but by the results of our practice. We should hold necessary activities, but waste of manpower, material, and financial resources and activities without great efficiency should be banned. Our major efforts should be devoted to the conscientious performance of work at grass-roots levels. Pertinent provincial-level leaders should refrain from attending ordinary activities except for the contract-signing or ribbon-cutting ceremonies for the key projects that have an important bearing on economic construction.

When going down to grass-roots levels, they should go in simple cars and with fewer people accompanying; bring benefits to the people instead of disturbing their activities; and pay attention to practical results, conduct not only investigations but also study, and solve specific problems for grass-roots levels. Provincial-level leading cadres should take the lead in opposing and resisting all the activities that seek undeserved reputation and neglect practical work.

What I have mentioned above is to urge the provincial-level leading bodies to be exemplary in five aspects, and the purpose is to enable our new leading bodies to establish a new image among the people in the province, to set an example for the leaders of the various provincial departments, the various prefectures, cities, and counties, and grass-roots enterprises and establishment, and then to lead cadres and the masses in working together for creating new achievements and attaining the goal of building an economically strong province.

Hong Kong Venture Begins Inner Mongolia Work
OW1107055393 Beijing XINHUA in English 0541
GMT 11 Jul 93

[Text] Hohhot, July 11 (XINHUA)—A billion-yuan Hohhot-Hong Kong joint reconstruction project has started this month in the capital city of the Inner Mongolia Autonomous Region.

The Dragon Company of Hong Kong and a dozen local companies have signed a contract to invest more than one billion yuan to renovate the downtown districts of the city. The renovation project will be completed in five years.

According to the reconstruction plan, five commercial centers and two shopping buildings will be built on the site of old neighborhoods. There will be also 73 apartment buildings to be built, as well as gardens, ponds and scenery parks. All residents living in shabby houses will move into new apartments.

Hohhot, built in the late 16th century, is designated as one of the famous ancient cities in China by the central government. It will be developed into a commodity distribution center that links north China with east Europe and the Middle East.

Activities, Remarks of Tianjin's Gao Dezhan

Addresses Ideological Work

SK1207125793 Tianjin TIANJIN RIBAO in Chinese
10 Jun 93 p 1

[Text] On 9 June, Tianjin held a forum to mark the 10th founding anniversary of the municipal research society for ideological and political work of industrial enterprises. Gao Dezhan, secretary of the municipal party committee, stressed at the forum: At present, when penetratingly implementing the guidelines of the 14th CPC National Congress and the sixth municipal party committee, and when seizing the opportunity to accelerate development, we should firmly grasp both economic construction and the ideological and political work. The more we deepen

reform and expand opening, the more we should develop the socialist market economy and strengthen and improve ideological and political work. We should have the senses of urgency and responsibility not only for accelerating economic development but also for strengthening the building of spiritual civilization and the ideological and political work. We should not only push Tianjin's building of material civilization to a new stage but also push the building of spiritual civilization to a new stage.

Attending the forum were leading comrades Zhang Lichang, Yang Huijie, Liu Fengyan, Li Huifen, Luo Yuanpeng, Pan Yiqing, and Xiao Yuan as well as veteran comrade Huang Yanzhi.

The forum first relayed the speech made by General Secretary Jiang Zemin at the forum to mark the 10th founding anniversary of the Chinese Research Society for Ideological and Political Work of Enterprise Staff and Workers. The industrial work committee of the municipal party committee and the municipal research society for ideological and political work of staff and workers of industrial enterprises issued the "honorable certificates of pioneering" to 30 comrades who made relatively great contributions to building and developing the research society for the ideological and political work of enterprise staff and workers.

In his speech, on behalf of the municipal party committee and the municipal government, Gao Dezhan extended congratulations on the 10th founding anniversary of the research society for the ideological and political work of industrial enterprises and expressed his cordial greetings and lofty respects for the vast numbers of ideological and political workers and for the veteran comrades engaged in the ideological and political work for a long time. He pointed out: We should fully understand the great significance in strengthening the ideological and political work under the new situation. Doing the ideological and political work well is the fine tradition and political advantages of our party as well as an important content of the cause of building socialism with Chinese characteristics. Under the new situation of accelerating reform and opening up and developing the socialist market economy, new circumstances and new problems will emerge continuously, and that the task of ideological and political work will become heavy rather than light. Under the new situation, we must actually strengthen and improve the ideological and political work without any degree of confusion. At the moment, we are penetratingly implementing the guidelines of the sixth municipal party committee. The municipal party committee has stressed the necessity of grasping the following three points: The precondition is to emancipate the mind, change ideas, and find out shortcomings, that is the ideological foundation; the way out is to deepen reform and expand the scale of opening, that is the major measure; and the key is to truly grasp implementation. The attainment of these three points is inseparable from ideological and political work. We should depend on the penetrating and painstaking ideological and political work to solve the problems existing in people's ideas and concepts and to, in particular, overcome the influence from the traditional

planned economic system and further emancipate the mind. In the course of promoting development and opening up, we should successfully guide, protect, and exploit the initiative of the masses. In regulating the relations of interests among various fields, we should not only depend on policies and the legal and administrative means but also depend on the arduous ideological and political work to help the people correctly understand reform and support reform. Particularly, we should educate and guide the people to correctly handle the relations of interests among the state, collectives, and individuals, and correctly handle the relations between the immediate and the long-term interests. To change the style of work, to truly attend to work, and to firmly grasp implementation, we need ideological education as well.

Gao Dezhan demanded: At present, in strengthening the ideological and political work of enterprises, we should focus on halting the deficit, increasing profit, and increasing economic efficiency with economic construction as the central task. First, we should further understand the importance of halting the deficit and increasing profit. We should fully understand that sending a large number of cadres to enterprises to help them halt the deficit, increase profit, and improve economic efficiency is a major event that has a bearing on the overall situation of the municipality's economic development. Through ideological and political work, we should enable higher and lower levels to further enhance their understanding, consciousness, and initiative in halting deficit and increasing profit. Second, we should help leading bodies of enterprises to solve their ideological and political problems. To halt the deficit, increase profit, and improve economic efficiency, what is important is to create external conditions, and what is more important is to guide enterprises to discover reasons from themselves, overcome the idea of dependence, and focus on improving the internal work. So long as the leading bodies of enterprises enhance their understanding, change ideas, and make subjective efforts to grasp the mechanism internally and grasp the market externally, they will be able to extricate their enterprises from a predicament and to develop their enterprises. Third, we should carry out the ideological and political work in the whole process of halting deficit and increasing profit of enterprises. We should fully mobilize the initiative and creativity of the vast numbers of cadres, staff, and workers and enable them to consciously plunge into the work of halting deficit and increasing profit. All the targets, tasks, and measures on halting deficit and increasing profit should be discussed with the vast numbers of staff and worker, and the masses should be allowed to participate in discussion. We should educate and guide cadres to take the lead in carrying forward the work style of arduous struggle and in running their plants through thrifty and economizing. We should regard the work of doing tangible things for the masses as the important content of the ideological and political work of enterprises and strive to remove worries and solve problems for enterprise staff and workers. Fourth, we should do well the ideological and political work among the cadres dispatched to the grass-roots units and help such cadres to firmly embrace the idea

of service and to voluntarily guide, coordinate, and serve the work of grass-roots units.

Gao Dezhan pointed out: We should carry forward the pioneering spirit by regarding it as an important content of the ideological and political work. Leading cadres should take the lead in carrying forward the pioneering spirit. Leading cadres should be strict with themselves and set an example in working hard and honestly performing official duties. This is the most convincing ideological and political work for the vast numbers of cadres and the masses. In conducting the education on the pioneering spirit among the vast numbers of cadres, the masses, and in particular, among the young people, we should use the great spirit of pioneering to encourage and support the great practice of pioneering we are now engaged in. We should combine the development of the pioneering spirit with the education on patriotism, socialism, and collectivism to arouse people's patriotic enthusiasm and enhance their political awareness. We should carry forward the pioneering spirit in the course of carrying forward the self-pride, self-respect, self-improvement, and self-confidence of Tianjin's people. We should stimulate the sense of responsibility and the sense of mission of the numerous cadres and the masses in accelerating the development of Tianjin. We should combine the education on the pioneering spirit and on professional morality with the building of spirit and culture of enterprises and make the pioneering spirit an important spiritual pillar and motivation to encourage the vast numbers of staff, workers, and the masses to work hard and promote the development of enterprises.

Gao Dezhan said: In doing the ideological and political work, we should first persist in and inherit the spirit of pioneering, and without this spirit, we are in no position to do everything. It should be noted, however, that along with the constant deepening of reform and opening, in the course of establishing the socialist market economic system in particular, how to do well the ideological and political work is a major question that requires our further research. At present, we should conscientiously research all sorts of new circumstances, new problems, and new changes taking place in the process of establishing the socialist market economy and changing the operational mechanism of enterprises. Meanwhile, we should make explorations and creations in establishing new mechanisms, new contents, and new methods with regard to the ideological and political work that are in agreement with new circumstances, problems, and changes. He stressed in conclusion: The vast numbers of party and government leading cadres at all levels and the political work cadres in the municipality should fully understand the important duties they are shouldering, should be keen in making progress, should do a realistic job to keep abreast of the demand of the new situation, and should make great efforts to create a new situation in the ideological and political work of the municipality.

Responsible comrades of party committees of the municipal machinery bureau, the first light industrial bureau, the chemical industrial bureau, and the metallurgical industrial bureau made speeches at the forum.

Inspects Flood Control Work

SK0907115793 Tianjin People's Radio in Mandarin
0000 GMT 9 Jul 93

[Text] On 8 July, Gao Dezhan, secretary of the municipal party committee, inspected the flood control work at the municipal Flood Prevention Headquarters during which he stressed: Flood control work is a matter of prime importance. Leaders at all levels should pay attention to and implement this work with persistent efforts, make all preparations for controlling floods with an attitude of meeting an approaching enemy, and guarantee that no danger of anything will occur and that the municipality will tide over flooding safely.

At the Flood Control Headquarters, Gao Dezhan inspected the work of the whole flood control system, learned about the flood condition, met with the on-duty personnel, and extended cordial regards and lofty respects to the broad masses of cadres and workers working day and night on the municipal flood control forefront. Gao Dezhan also personally made telephone calls to the on-duty personnel of the Flood Control Headquarters of Baodi County and [words indistinct] and asked them about their work situation.

After listening to a briefing given by a responsible comrade of the municipal Flood Control Headquarters, Gao Dezhan said: At present, we are in a flood season. Flood control work has entered a crucial stage. The party committees and governments at all levels, specially the flood control headquarters at all levels, should grasp flood control work as a major task and grasp it firmly, realistically, and satisfactorily. In line with the flood situation, he called for efforts to implement five tasks while carrying out flood control work.

First, it is necessary to implement the work ideologically. It is necessary to further recognize the importance of flood control work, overcome the slackening of vigilance and the mentality of depending on luck, pay great attention to economic work and flood control work, and make preparations for serious floods and waterlogging, and big tides.

Second, we should implement this work organizationally. It is necessary to implement rules and regulations, contract the work to each and every area, unit, and person, do a good job in organizing teams to deal with flood control work and emergencies so that personnel will be ready for use during emergencies.

Second, we should prepare materials for flood control. It is necessary to prepare all sorts of materials that are badly needed for flood control. In addition to preparing materials for the forefront, we should also have some surplus materials so that whenever flooding occurs, there will be vehicles and materials ready for use.

Fourth, we should implement this work. All flood control tasks carried out by the municipal party committee and the government must be implemented. By no means should we fall short of a requirement or promise while carrying out this work.

Fifth, we should conduct forecasting work, make early predictions on dealing with all sorts of emergencies and issue forecasts to the public.

In conclusion, Gao Dezhan called on the flood control headquarters at all levels to strengthen inspection and guidance over flood control work, increase the number of personnel on duty, maintain sharp vigilance, realistically implement all sorts of flood control measures in places where needed, and guarantee that the municipality will tide over floods safely.

Number of Law Offices Increases in Tianjin

OW1107020293 Beijing XINHUA in English 0140
GMT 11 Jul 93

[Text] Tianjin, July 11 (XINHUA)—The number of law offices in Tianjin, a major port city in north China, has increased from 48 at the beginning of last year to 73 now, in line with the needs of the development of the market economy.

Some 28 are state-run offices, 37 are run by the municipal judicial department and mainly employ part-time lawyers, and the other eight are co-operatives.

The Tianjin Economic and Technological Development Zone, Free Trade Zone and High Technology Development Zone have all established law offices.

Tianjin has 17 specialized law offices. Their services cover finance, real estate, economic relations and trade, intellectual property and other fields.

Northeast Region**Heilongjiang To Invest in Infrastructure**

OW1007021593 Beijing XINHUA in English 0205
GMT 10 Jul 93

[Text] Harbin, July 10 (XINHUA)—Northeast border province Heilongjiang has decided to invest 10 to 12 billion yuan in infrastructure construction in the next few years.

The province will introduce foreign funds to fill the gap of investment required in the huge construction plan.

The investment will be concentrated in construction of energy, transportation and telecommunications projects within the province, including a number of power plants, railways, ports, bridges, airports and highways.

The province has set a target to increase the total number of telephone lines in urban areas from 800,000 at present to 1.4 million by the end of 1995. It will also develop 11,600 micro-wave telecommunication lines. The provincial telecommunications network will be connected with international networks through the national telecom system.

The province allows foreign investors to solely or jointly fund infrastructure projects with the province, and allows them to set prices and fees for infrastructure construction according to market demand. The province will not put a limit on how long foreign investors may run the facilities.

At the same time, the province will give products to the Commonwealth of Independent States (CIS) in exchange for technology and equipment for expansion of communications facilities. It will lease planes from the CIS to fly on domestic and international air routes.

Heilongjiang is a neighbor of Russia across the China-CIS border. The province is rich in natural resources such as oil, timber and grain. Border trade between the province and Russia has been growing rapidly in recent years, placing greater pressure on the province's strained energy and communications facilities.

Jilin Secretary Investigates Universities

SK1007072093 Changchun JILIN RIBAO in Chinese
5 Jun 93 p 1

[By reporter Liu Li (0491 0500): "Depending on Science and Technology To Build the Developed Border Province Near the Sea"]

[Text] From 3 to 4 June, He Zhukang, secretary of the provincial party committee; Wang Jinshan, deputy secretary of the provincial party committee; Su Rong, standing committee member and secretary general of the provincial party committee; and Xu Zhongtian, standing committee member of the provincial party committee and director of the Propaganda Department of the provincial party committee, went to Jilin University and Jilin Agricultural University for investigations and study.

He Zhukang and other provincial leading comrades pointed out: To build the developed border province near the sea, we must, in the final analysis, depend on science, technology, and education. All levels of party committees and governments and the whole society should further deepen their understanding of this major issue and go all out to support the development of scientific, technological, and educational undertakings. Proceeding from the need of establishing the socialist market economic system, we should accelerate the pace of the reform of scientific, technological, and reductional systems; think of ways to combine reform with economic construction; and enable science, technology, and education to play their due role in attaining the province's new development strategy.

At Jilin University, He Zhukang and other leading comrades viewed the color system room, the enzyme engineering laboratory, the laser laboratory, the optical electronics energy system room, the computer room, the physical and optical laboratory, and the exhibition on achievements of applied science and technology. At Jilin Agricultural University, four leading comrades of the provincial party committee visited the measurement center, the specimen room, the pesticide laboratory, the botanical garden, and the ginseng ground. On seeing that both universities possessed a number of advanced scientific research instruments and equipment, the scientific and technological achievements scored by their scientific research personnel were in the lead at home and abroad, and a number of advanced and functional new products were developed by them, leaders of the provincial party committee were deeply gratified and inspired, and fully

affirmed the assiduous endeavor of scientific research personnel of these universities. Leaders of the provincial party committee were extremely satisfied with the fact that these two universities were promoting teaching and scientific research work under the guidance of the spirit of the 14th CPC National Congress by practically implementing the guidelines of the sixth provincial party congress and the fact that teachers, staff, and workers of these two universities had high morale and worked hard.

Then, He Zhukang and other leaders of the provincial party committee had a talk with leaders and part of teachers of these universities, and solicited their opinions on the issues of building the developed border province near the sea, deepening the reform of scientific, technological, and educational systems, combining science, technology, and education with economic construction, and achieving even greater success in work.

University leaders and teachers stated in their speeches: The strategic goal of building the developed border province near the sea set forth by the sixth provincial party congress, is a major strategic arrangement made according to the actual conditions of the province and the country as well as the general international climate. This goal is rich in implications and its importance is far-reaching. By developed province, we mean that the province should be provided with modernized industry, agriculture, tertiary industry, science, technology, education, commerce, and infrastructure; provided with healthy cultural market and popular mentality; and provided with high-level urban life and frequent international contacts. We should, in line with the reality of the province, formulate as quickly as possible a set of feasible short-, medium-, and long-term development plans to practically implement the magnificent strategic goal. As important universities of the country and the province, Jilin University and Jilin Agricultural University should undoubtedly play an important role in building the developed border province near the sea. These two universities are working hard to try to join the "two-one-one project" of the country. Such a positive sense of trying has garnered the high appraisal of leading comrades of the provincial party committee.

University leaders and teachers also offered many useful opinions and proposals for the issues of increasing the input in science, technology, and education, enhancing the remunerations to intellectuals, readjusting the layout and specialties establishment of universities, and making contributions to building the developed border province near the sea.

Comrade He Zhukang made a speech after conscientiously listening to the opinions of university leaders and teachers. He thanked them for their frank and sincere airing of their views. He said that he was greatly inspired by their pertinent opinions and constructive proposals. He maintained that some proposals might be accepted in the near future, and some others might be solved after special discussion by the provincial party committee's standing committee and after solutions were mapped out by departments concerned.

He Zhukang pointed out: The high degree of development of scientific, technological, and educational undertakings is not only included in the content of the strategic goal of building the developed border province near the sea but is also an important condition of this goal. To develop the economy and attain modernization, we must depend on science and technology, on talented people, and on education. Jilin University, Jilin Agricultural University, and other institutions of higher learning have made great contributions to imparting knowledge and educating people and to promoting the province's economic development. Although they have met some difficulties, their potential for development remain very great. To tap potentials of universities and to push universities to higher levels and new stages, party committees and governments at all levels should assume responsibility for, attach importance to, and give support to universities. But, the key lies in the universities themselves, in in-depth reform, and in rapid development.

He Zhukang said: Establishing the socialist market economic system will certainly cause changes in the superstructure and the noneconomic sphere and certainly give rise to many new problems. Scientific and technological departments as well as educational departments should dare to take up challenges and positively study and explore how to tap their own potentials in the market mechanism and how to use the market mechanism to enhance their levels, accelerate economic development, and finally establish the socialist market economic system and other new mechanisms.

He Zhukang stressed: Party committees and governments at all levels should enhance their sense of "depending on science and education" and try to combine science and education with production in order to translate scientific research results into practical productive forces. Scientific, technological, and educational departments should also further enhance their senses of gearing themselves to, participating in, and serving economic construction and should think of ways to combine science, technology, and education with economic construction. In this aspect, various universities have already made useful explorations. They should continue to adopt effective measures to participate in the province's economic construction, learn about the needs of economic construction through various channels, help translate scientific and technological achievements into productive forces, better serve economic construction, and then develop and expand themselves.

When it comes to the fact that Jilin University and Jilin Agricultural University are trying to join the "two-one-one project" of the state, He Zhukang said: It is not only a matter for universities but also a matter for the whole province. The provincial party committee, the provincial government, and all circles in the society should give great support to it. In addition to Jilin University and Jilin Agricultural University, all other institutions of higher learning, if possible, may positively create conditions for trying to join the "two-one-one project."

He Zhukang pointed out: In running schools, we should not only pay attention to quality and quantity but also pay attention to structure in order to gear the talented persons we have trained to the needs of economic construction. Schools should also pay attention to building a spiritual civilization, cultivating good style, and successfully impart knowledge and teach people. What we are engaged in is the socialist market economy, and it is all the more important that the persons we train must be successors to the socialist cause.

In light of the practical problems facing science, technology, and education, He Zhukang stressed: We should try every possible means to increase financial input in education, with emphasis on key universities, key subjects, and key specialties. We should give support to education according to policies and raise funds through diverse channels to subsidize educational undertakings. We should further create the social atmosphere of respecting knowledge and talented people and really implement the strategy of invigorating the province through science and education.

Responsible comrades of the general office of the provincial party committee, the College Work Committee of the provincial party committee, and the provincial educational commission also participated in the investigation and study.

Jilin Discipline Inspection Work Report

*SK1207114993 Changchun JILIN RIBAO in Chinese
20 May 93 p 2*

[Work Report given by the Jilin Provincial CPC Discipline Inspection Commission to the Sixth Jilin Provincial CPC Congress on 19 April]

[Excerpts] The following is a report of the Jilin Provincial CPC Discipline Inspection Commission on the past five years of work, submitted to the sixth provincial party congress for examination and discussion.

The basic work of the past five years:

During the past five years, the discipline inspection organs at all levels resolutely implemented the guiding ideology of serving the party's basic line under the leadership of the provincial party committee and the central Discipline Inspection Commission; conscientiously exercised the functions of "protection, punishment, supervision, and education" in close connection with the central task of economic construction; strove to fulfill all tasks entrusted by the party constitution; did a good job in building party style and administrative honesty to guarantee the implementation of the party's line, principles and policies; and played their role in promoting a sound development in our province's reform, opening up, and economic construction.

First, we actively supported and safeguarded reform and opening up on our own initiative. [passage omitted]

During the promulgation of some major reform measures, the discipline inspection organs at all levels paid attention to cooperating with departments concerned to conduct

investigation and study, relatively formulated protective measures and methods, and played an active role in safeguarding the normal economic order and promoting the smooth implementation of all sorts of reform policies and measures. Meanwhile, we also clarified the rights and wrongs of 2,095 comrades who were falsely accused or slandered in the course of reform and opening up, protected the reformers, and strictly handled those who lodged a false accusation against other people.

We analyzed and consolidated enterprises running in the red in an effort to change the appearance of enterprises. In 1990, the provincial Discipline Inspection Commission, through conducting special investigation in some enterprises, discovered that a small number of enterprise managers had abused their power to seek personal gain, failed to keep themselves clean and honest, and dampened the enthusiasm of the masses of workers. These were one of the most important factors for causing enterprises to suffer serious deficits and poor economic efficiency. The provincial Discipline Inspection Commission urged the provincial party committee to hold a meeting on "making enterprises do business honestly and promoting economic development in enterprises," and conducted experimental work in Liaoyuan city. The discipline inspection organs at all levels cooperated with relevant departments to successively carry out honest business experimental work in 630 enterprises, of which, 357 enterprises witnessed noticeable changes in their outlook. The discipline inspection organs at all levels also cooperated with enterprise competent departments to analyze and consolidate 391 enterprises suffering abnormal losses, investigated and handled 933 cases on discipline violations, punished 717 party-member cadres who violated discipline, recovered economic losses totalling 37.656 million yuan, gave priority to consolidating enterprise leading bodies whose problems were prominent, and enabled 228 enterprises to reduce or end deficits.

Second, we strengthened supervision and inspection over the implementation of the party's line, principles and policies. [passage omitted]

Since 1990, the provincial Discipline Inspection Commission has assisted the provincial party committee to successively organize seven inspection tours. After the issuance of Comrade Deng Xiaoping's important speech given during his tour to south China, the discipline inspection organs at all levels across the province organized more than 1,000 people to go deeply to nearly 800 enterprises and relevant departments to conduct special supervision and inspection in line with the objective set by the provincial party committee on working hard for three years to make the whole province's economy enter a new stage, and helped them solve problems affecting people's reform enthusiasm, such as problems on creating obstacles in the middle, failing to implement policies and measures in places where needed, failing to form a joint force to grasp economic construction, and failing to keep the leading cadres clean and honest. In the course of conducting supervision and inspection, the discipline inspection

organs offered more than 300 suggestions for rationalization to the provincial party committee, government, and the enterprise departments; helped enterprises and their departments solve more than 900 difficulties and problems; investigated and handled more than 100 cases on discipline violations; and helped many enterprises eliminate interference and resistance and improve their management and change their operational mechanism.

Third, we strictly investigated and handled cases on violating discipline inside the party.

The discipline inspection organs at all levels conscientiously implemented the principle of fighting corruption and running the party strictly, and always regarded investigating and handling discipline violation cases involving leading organs and leading cadres as a priority of investigating cases and concentrate energy and time on making breakthroughs in handling major and appalling cases. We acted in line with reform, opening up, and economic construction; maintained close coordination with relevant departments; and conscientiously investigated and handled cases on law and discipline breaches concerning violation of the party's political discipline, serious bureaucracy, malfeasance, corruption, and bribe-taking, abuse of one's powers to seek personal gain and to infringe upon the interests of the state and the masses, and cases on luxury, corruption, and degeneration.

The discipline inspection commissions at all levels also tried some typical cases in the public. The discipline inspection organs at and above the county level across the province distributed a total of 1,059 issues of inner party journals, expanded propaganda and education on the anticorruption struggle, and strengthened the confidence of the broad masses of party member-cadres and the people in fighting corruption.

Fourth, we concentrated efforts on solving the notorious cases about which the masses had strong complaints.

We conscientiously implemented the guidelines of the decisions adopted at the sixth plenary session of the 13th party Central Committee and the plan of the provincial party committee on strengthening the building of party style and a clean government, paid close attention to the fundamental issue of maintaining close ties between the party and the masses, adopted special methods on screening and consolidation, and investigated and checked some prominent problems reflected by the masses.

We conducted housing investigation work from the higher to the lower levels and centered this work on the leading organs at all levels, and through investigation, recovered more than 12 million yuan in economic losses for the state.

On the basis of reducing the burdens of peasants, we cooperated with relevant departments and concentrated efforts on cleaning up rural financial departments and consolidating township stations and institutes. We discovered cases on corruption, misappropriation, and embezzlement involving a total sum of 220 million yuan, and recovered more than 51 million yuan. We also recovered more than 200,000 mu of contracted land used free of

charge by village and community cadres. We also consolidated 18,125 township stations and institutes, delegated powers to the lower levels, amalgamated more than 1,000 stations and institutes, and streamlined their administration. This move helped us reduce peasants' burdens by more than 20 million yuan annually.

We conscientiously investigated and cleared up the problems on some party-member cadres who violated regulations, such as using public funds for going abroad for sightseeing and using public funds for sending their children and relatives to schools. We recovered more than 2.4 million yuan in irrational expenses used as public funds for sightseeing abroad and 166,000 yuan of public funds for sending one's children and relatives to schools. [passage omitted]

Fifth, we actively checked unhealthy trends in some departments and trades with an emphasis in checking "random collection of charges, fines, and levies." [passage omitted]

Sixth, we deeply conducted education on party style and discipline and supervision inside the party.

In view of the inner party ideological trend during different periods and the problems on discipline breaches, we give full play to our advantages in enforcing discipline and handling cases and extensively conducted education on party style and party discipline by circulating journals inside the party, conducting audio-visual education, giving special seminars, issuing press and periodicals for propaganda, and adopting other means and methods.

Liaoning Official Discusses Tertiary Industry

SK0807213893 Shenyang LIAONING RIBAO in Chinese 6 Jun 93 p 2

[“Excerpts” of speech given by Zhang Rongmao, vice governor of Liaoning Province, at the Second Standing Committee Meeting of the Eighth Liaoning Provincial People's Congress on 26 May: “Emancipate the Mind, Relax Policies, and Broaden the Avenue To Boldly Develop the Tertiary Industry”]

[Text] 1. The Current Situation in Liaoning's Development of the Tertiary Industry

Liaoning held a work conference on accelerating the development of the tertiary industry in December last year. Based on the guidelines of Comrade Deng Xiaoping's important speeches given during his south China inspection, the guidelines of the 14th National Party Congress, and the actual conditions of Liaoning, the province put forward the principles and targets of accelerating the development of the tertiary industry as emancipating the mind, relaxing policies, and broadening the avenue to boldly develop the tertiary industry. Fledgling unified and open market system, socialized overall service system, and social security system should have taken shape by the end of this century. The increased value of the tertiary industry should account for more than 40 percent of GNP, the average annual growth rate of the tertiary industry should be 14 to 15 percent, and the employment of the tertiary

industry should be increased to 35 percent of the total labor force of society, thus by and large reaching the current level of the developing countries.

Liaoning's tertiary industry was developed to an unprecedented extent, and a good trend of vigorous development was created in 1992 thanks to the great importance attached to it by various localities and departments.

Markets of various categories were developed vigorously, and significant progress was made in the cultivation of the market system. Markets for the essential elements of production, such as funds, technology, personnel, and materials, and markets for information and consultation made rapid headway. By the end of last year, the markets for the exchange of commodities had increased to 2,763, and their transactions totaled 33.59 billion yuan, up 69.5 percent from the preceding year. Investment in the construction of markets totaled 970 million yuan, up 3.4 times from 1991.

The monetary market and monetary reform developed rapidly, and the lending of funds became more vigorous. Marketable securities worth 8.73 billion yuan were issued last year. The Shenyang security trade center was officially put into operation, the Dalian foreign exchange regulating market was further improved, two foreign banks opened in Dalian, and the organizations for money lending were further expanded, thus an initial money-lending network took shape.

Marked scientific and technological achievements were won, and educational development was expedited. A total of 3,840 achievements in natural sciences were won in the year, of which 1,883 were significant ones. A number of scientific and technological achievements were disseminated to create fairly good economic and social benefits. Educational scale was expanded continuously, and educational reform was accelerated. Primary school education was made universal in the province in 1985. In 1992, junior high school compulsory education was implemented in areas where 70 percent of Liaoning's population lived. Senior high school education was restructured, and 5 percent of the young people of the right age attended ordinary senior high schools.

Foreign trade and tourism developed more rapidly. In 1992, the volume of imports and exports totaled 7.64 billion yuan, up 13.5 percent from the preceding year. Reform of the foreign trade system was accelerated to greatly enhance the vigor of enterprises and quicken the pace in ushering in the “reentry into GATT” and linking with the international market. The province received 187,000 overseas tourists and earned \$102 million in foreign exchange.

Real estate business and real estate market became more and more vigorous each day. Urban housing reform and renovation of small residential quarters were facilitated. A breakthrough was achieved in urban housing reform.

Transportation, posts, and telecommunications made new headway. Last year, highway mileage increased by 1,200 km to reach 41,000 km; and ocean shipping capacity

increased by 76,000 deadweight metric tons. Transactions of postal and telecommunications business totaled 1.55 billion yuan, and crisscross and fairly developed networks for transportation and for post and telecommunication were established in their initial form.

Commodity circulation was developed more rapidly, and good results were achieved in its restructuring. The province's volume of commodity retail sales totaled 58.94 billion yuan in 1992, up 15.3 percent from the preceding year; and the volume of the means of production purchased and marketed by the material supply and marketing enterprises at and above the county level was 77.35 billion yuan, up 40 percent.

New trades, such as the intermediary organizations of the market, developed to meet the requirement for developing the socialist market economy. Service trade for the people's livelihood developed in width and depth, and household chores began to be socialized.

The average annual growth rate of the increased value of Liaoning's tertiary industry was 11.4 percent from 1985 to 1992, which was higher than the growth rates of the output value of the primary and secondary industries. The proportion of the increased value of the tertiary industry in GNP rose from 20.3 percent in 1985 to 27.4 percent in 1992. The internal vitality and vigor for developing the tertiary industry were enhanced, and the market regulating role was expanded, thus providing favorable conditions for changing the planned economy into the market economy. Various kinds of ownership and various managerial methods were developed in the tertiary industry, and marked results were achieved. In particular, individual and private economies developed more rapidly. In 1992, the province's individual and private enterprises increased to 630,000, their employees totaled 1.06 million, and their commodity retail sales volume was 12.5 billion yuan, accounting for 22.1 percent of the province's total. Individual and private commercial enterprises have become an important supplement of the state-owned commerce.

2. Major Problems in Development

Liaoning's tertiary industry not only lags behind economically developed countries and the average level of developing countries, but also it falls behind many provinces and municipalities of the country. In 1992, the increased value of Liaoning's tertiary industry was 35.5 billion yuan, accounting for 27.4 percent of the gross domestic product, which was lower than the national average of 27.7 percent. In the same year, the province's tertiary industry had 5.08 million employees, accounting for 25.9 percent of the total laborers of society, which was higher than the national average but notably lower than the average of the low-income countries.

Liaoning's sluggish development in the tertiary industry has resulted from profound historical and structural reasons. In particular, we lack a full understanding of the particularly important significance of the accelerated development of the tertiary industry in Liaoning's reform and development.

The internal structure of the tertiary industry is not reasonable. It is composed chiefly of traditional trades, with new trades amounting to a small proportion, and even the traditional trades fail to meet the needs in the economic development of society. The trades directly serving production and scientific and technological development are stagnant to a serious extent; socialized service system and social security system remain imperfect; and the development of the various trades was uncoordinated. The growth of the market system is of a low level, the structure is irrational, laws and regulations are imperfect, and basic facilities remain backward.

As far as the managerial mechanism is concerned, the tertiary industry has been managed as a welfare undertaking to a serious extent and has yet to be greatly socialized, industrialized, and commercialized. The tertiary industry developed by offices, enterprises, and institutions serve themselves only and creates a heavy financial burden. In addition, investment in the tertiary industry is not sufficient. According to the planned target, the annual growth rate of the tertiary industry during the Eighth Five-Year Plan period should be 14 percent or higher, but the growth rates were merely 9.5 percent and 10.6 percent in 1991 and 1992, respectively. The tasks remain very arduous to increase the proportion of the increased value of the tertiary industry in GNP to 35 percent by the end of the Eighth Five-Year Plan period.

3. Major Policy Measures for Accelerating the Development of the Tertiary Industry

The enthusiasm of the state, the collective, and the individual should be fully boosted in developing the tertiary industry. We should follow the principle of allowing those who make investment to possess ownership and gain benefits, eliminate blockade by certain trades or monopoly by certain areas, and encourage state-owned enterprises and institutions, social organizations, urban and rural collective economies, foreign-funded economies, private enterprises, and individuals to invest funds, real estate, equipment, technology, information, and labor service in the tertiary industry. We should boldly develop the non-public sectors of the economy, such as the individual, private, and foreign-funded enterprises, and, especially, the enterprises of mixed ownership whose shares are purchased by the various sectors of the economy and should substantially increase their proportion in the tertiary industry.

Finance departments should set aside a certain amount of funds to be used in guiding the development of the tertiary industry, provide support according to established priorities, and have a good rollover cycle to ensure a reliable source of funds. Banking departments should increase the loans to the tertiary industry every year. We should adopt various measures to raise funds from society with the guidance of state policies and plans. We should use credit, price, interest rate, tax rate, and other economic levers and adopt preferential policies to facilitate the development of the tertiary industry.

We should make the best of the favorable conditions provided by Liaodong peninsula's opening to the outside world, actively bring in funds, technology, personnel, and managerial expertise from outside the province and outside the country, and encourage foreign firms to invest in our tertiary industry. We should internationalize the management of the enterprises engaged in the tertiary industry.

We should encourage industrial enterprises to use their idle real estate, equipment, and surplus personnel to develop the tertiary industry in line with their specific conditions and encourage those which create poor efficiency or lose money to change their lines and develop the tertiary industry. We should encourage the enterprises of the tertiary industry which possess substantial economic strength to merge those which have suspended production temporarily or permanently.

Based on the principle of separating government functions from business management and pushing enterprises to the market, we should industrialize and socialize enterprises of the tertiary industry and gradually turn the overwhelming majority of them from welfare or noncommercial enterprises into money-making business.

To accelerate the transformation of the managerial mechanism of the enterprises of the tertiary industry, we must achieve a breakthrough in deepening the reform of the property right system and diversify the methods for the management of state property. We should experiment with the shareholding system in an active and yet prudent manner and develop the enterprises of mixed ownership whose shares are purchased by the various sectors of the economy. We should use foreign capital to "transplant" or renovate our enterprises or to conduct the reform of "multiple systems in one plant." Continuous efforts should be made to transfer, lease, or sell small state-owned retail commercial, catering, and service enterprises. We should closely link the interests of staff members and workers to enterprise development, fully inspire the initiative of staff members and workers, and establish a new operating mechanism for enterprise development.

We should grant full autonomy to the enterprises and institutions of the tertiary industry in the areas of management, personnel, distribution, pricing, and investment and apply different business and managerial methods to the different trades of the tertiary industry in line with their characteristics to facilitate the transformation of the managerial mechanism of the enterprises of the tertiary industry.

We should lift control on all commodity prices and service charges of the tertiary industry and put them under market regulation, except for the extremely small number which have an important bearing on the national economy and people's livelihood and which should be fixed by the state.

We should develop various categories of commodity exchange markets in an active and orderly manner. Based on the law governing commodity circulation and the

characteristics and market demand of different commodities, governments at all levels should actively work out plans for and give guidance to developing the various categories of markets with their own characteristics in the localities where the commodities are produced, distributed, or consumed by using their available facilities and places.

We should support mass organizations and social groups to develop economic entities of the tertiary industry. We should actively cultivate monetary markets, including those for marketable securities, such as bonds and stocks. We should greatly expand insurance business, actively develop new insurance policies, provide good-quality insurance service, and strive to establish a new-type social security system.

We should simplify the procedures for screening and approving the enterprises of the tertiary industry to be opened. Except for those of the special trades stipulated by state laws and regulations and the State Council, all new enterprises of the tertiary industry may directly apply to industrial and commercial administrations for registration, and other procedures for screening and approval should be abolished.

We should accelerate personnel training, especially the personnel for monetary, information, law, accounting, auditing, consulting, and other new trades. We should conscientiously step up establishment of intermediary organizations. We should strive to improve the personnel quality and management of the tertiary industry.

We should strengthen the legal system and step up formulation of relevant laws and regulations to standardize the behavior of enterprises and markets. Governments at all levels should put the effort to accelerate the development of the tertiary industry in a prominent position in economic work, strengthen leadership over it, and work out good plans for it. We should safeguard the normal economic order, promote and protect competition on an equal footing, and ensure the healthy development of the tertiary industry along the legal system track.

Liaoning's Dalian To Build New District

OW0807020093 Beijing XINHUA in English 0127
GMT 8 Jul 93

[Text] Dalian, July 8 (XINHUA)—Dalian city in northeast China's Liaoning Province has started to construct a new district.

Known as "Bei (Northern) Dalian", the new district will be in the northeastern part of Dalian city and will occupy 220 square kilometers, 2.4 times the present urban area of the city.

The new district will be constructed to complement Dalian's development zone, free-trade zone, the Dayaowan port district and the Jinshitan tourism and holiday zone.

Aimed at turning Dalian into a large international center, construction of the new district will rely on domestic loans and foreign funds.

The new district will include the following five functional sections: the comprehensive industrial section, the cultural and educational section, the financial and commercial section, the residential section and the tourism section along the coast.

The population of the district will increase from the present 100,000 to 600,000 over the next two decades.

This year, Dalian will invest 1.2 billion yuan in infrastructural construction in the new district to construct highways and ensure adequate supplies of water, gas and electricity.

Xiamen Airlines Demands Repatriation of Hijacker*OW0807135493 Beijing XINHUA Domestic Service in Chinese 0658 GMT 6 Jul 93*

[By reporter Cai Guoyan (5591 0948 3533)]

[Text] Xiamen, 6 Jul (XINHUA)—While expressing sympathy and solicitude for the victims of the "24 June" airplane hijacking, Wu Rongnan and Cai Jiawen, respectively general manager of Xiamen Airlines and vice president of the Xiamen Association of Taiwan-Invested Enterprises, yesterday strongly urged Taiwan authorities to turn the hijacker over to Xiamen as quickly as possible for prosecution.

On behalf of the 130-plus member enterprises, Cai Jiawen, a Taiwan businessman and vice president of the Xiamen Association of Taiwan-Invested Enterprises, presented gifts to Captain Hong Bin, purser Ru Rong, and other crew members of the hijacked airliner. Purser Ru Rong was wounded with a knife by the hoodlum. He said: Because Xiamen and Taiwan are separated only by a narrow strip of water, many Taiwan compatriots travel to and from Mainland China on Xiamen Airlines flights. I have taken at least 35 Xiamen Airlines flights each year since 1988 when I began investing in Xiamen. The hijacker should be turned over to Xiamen for prosecution in order to ensure the safety of Taiwan businessmen and passengers as well as to prevent similar incidents from happening in the future.

Xiamen Airlines General Manager Wu Rongnan said: Hijackings are universally condemned throughout the world. During the "24 June" hijacking, the hoodlum committed the crime of wounding a crew member with a knife. According to international law, the hoodlum should be repatriated to Mainland China to stand trial. The Taiwan authorities have said "Taiwan will not become a paradise for hijackers." If so, they should repatriate the hijacker immediately. Only through joint actions against hijacking can the two sides of the Taiwan Straits eradicate these violent crimes.

Article Analyzes Taiwan 'Espionage' on Mainland*HK1107075593 Hong Kong WEN WEI PO in Chinese 8 Jul 93 p 27*

[Article by Tzu Chu (1311 4554): "Taiwan Steps Up Spying Activities on the Mainland"]

[Text] When intelligence activities and espionage are mentioned, people will recall the cold war period and tremble with fear. Despite the fact that relations between the mainland and Taiwan are gradually easing and that non-governmental exchanges are increasing daily, the Taiwan authorities are still bound by their ossified anticommunist and hostile thinking and are continuing to step up espionage activities on the mainland in ways that are not harmonious with the atmosphere of detente.

Taiwan Spies Arrested on the Mainland

Several attention-getting incidents have occurred recently.

On 2 June, this paper reported from Nanning that Guangxi's state security organs cracked a Taiwan espionage case and arrested in accordance with the law a female spy, Chiang Li-li, who had been sent by Taiwan's Military Information Bureau. On 17 June, Hong Kong's ZHONGGUO TONGXUN SHE reported that Jiangsu's state security forces had cracked a military espionage case involving Taiwan's Military Intelligence Bureau. The Taiwan spy, Wu Shu-liang, was arrested and all evidence in the espionage case was filed in accordance with the law.

Unwarranted Charges Against Mainlanders

On 12 June, Taiwan's Investigation Bureau "ordered" an old man, Yu Zeyuan, to "leave." He was the former primary school principal in Ningde County, Fujian, and was then visiting relatives in Taiwan. He was ordered to go on the unwarranted charges of concealing his identity as vice director of the Taiwan Affairs Office and carrying out "economic united front" work in Taiwan. Zhang Kehui, president of the Mainland Taiwanese Association, a native of Taiwan's Zhonghua, was at first refused entry by the Taiwan authorities to attend his mother's funeral ceremony. Not long afterwards, his father died, and, with the efforts and appeals of his relatives and the efforts of some "members of the Taiwan Legislative Yuan," he was finally allowed to return to his home town, which he had not seen for over 40 years, to handle his father's funeral matters. To his astonishment, when he was getting ready to leave Taiwan, he discovered that he had been closely tracked by Taiwan's intelligence and security units, including the Bureau of Investigation, and was ordered to leave ahead of schedule on false charges of "making propaganda for the CPC," of meeting with Taiwan's reunification faction on several occasions, and of attempting to pave the way for the visit of Deng Pufang, Deng Xiaoping's son, to Taiwan.

This is not the whole story, but it clearly shows that the Taiwan authorities are still using the time-worn methods of carrying out direct espionage and intelligence infiltration. It also demonstrates that they are using secret means to closely track and monitor mainlanders who are visiting Taiwan.

Taiwan's intelligence departments have openly admitted that they send secret service personnel to collect intelligence on the mainland. On 3 June, in response to a story that this paper carried on the previous day, a Taiwan military intelligence official confirmed the report, saying: "Military intelligence departments are still carrying out operations, which include continuously sending intelligence personnel to the mainland and dispatching and gathering information. This work will not stop. 'The CPC is still Taiwan's largest imaginary enemy. Therefore, its personnel must continue to be sent to acquire reliable information about the CPC, the government, and the Army.' (see Taiwan's MINCHUNG JIHPAO on 4 June)" Before this, Taiwan's "Military Intelligence Bureau" also publicly admitted that, by mixing themselves among Taiwan fishermen and following fishing boats to the coast of the mainland, they are gathering intelligence, sending and receiving intelligence personnel, and passing on intelligence.

Why They Are Stepping Up Their Espionage Is Not Known

Taiwan began to step up espionage activities on the mainland and heat up this theme from May to June against the following background. By getting the Kuomintang [KMT], government, and "diplomacy" forces under his control, Li Teng-hui has obtained leadership power over the system for making decisions on mainland policies. He has gradually wrested power over the military and over the intelligence and security systems. Li reshuffled the intelligence and security systems, which include the "National Security Council," the "National Security Bureau," the "Military Intelligence Bureau under the Ministry of Defense," and the "Investigation Bureau under the Ministry of Justice." Moreover, he has been formulating and deliberating the "Draft for the Organization of the National Security Bureau," and, at the same time, has been reorganizing organizations and personnel to focus on mainland work. This process has continuously exposed the inside story of how Taiwan's intelligence departments are stepping up their intelligence work on the mainland. Taiwan's intelligence work on the mainland is divided into two parts: The first is direct and indirect collection of intelligence about the mainland, and the second is an increased effort to track and control secret service personnel from the mainland following the development of relations between the mainland and Taiwan and the constant increase in numbers of mainlanders visiting Taiwan. In other words, they use one hand on the mainland and the other on Taiwan itself.

Six Ways of Spying on the Mainland

It has been revealed that, in Chiang Kai-shek's era, Taiwan was involved in direct armed infiltration into the mainland and sent secret service personnel there. In Chiang Ching-kuo's era, they cut down on the number of personnel sent directly. Instead, they sent personnel via a third country and recruited Overseas Chinese and mainlanders outside China to carry out activities on the mainland. Since the "Chiang Nan case," the "Intelligence Bureau of the National Defense" became so notorious that it was reshuffled into the "Military Intelligence Bureau," for which decisions are made by the "National Security Council of the Office of the President." Today, because relations between the mainland and Taiwan are easing and it is easy to enter the mainland, they are primarily using the following six ways of spying on the mainland: First, the "Military Intelligence Bureau" directly sends a small number of spies to the mainland. Second, they conduct espionage activities and gather information. Third, they

recruit mainlanders abroad and send them back to the mainland. Fourth, they take advantage of fishing boats as a channel in the sea. Fifth, they make use of Taiwan's media, individuals visiting relatives, and exchanges of personnel to acquire documents and intelligence. Sixth, they exchange intelligence about Mainland China with foreign countries. This is the part of their operation directly devoted to the mainland.

In Taiwan, the "Investigation Bureau," "National Police Administration," "General Political and Combat Department of the Ministry of National Defense," and the General Police Department, which are in charge of "security and defense," are watching over and controlling the Taiwan people, its organs, and the personnel of the party, government, and army. Moreover, they maintain a secret watch over mainlanders visiting Taiwan and step up espionage activities. In the case of the "Investigation Bureau," which focuses on this type of work, the 23 divisions and stations under it have all established this intelligence system. Under the Cold War slogan of "opposing and resisting the CPC's infiltration," they have placed approximately 20,000 people on the "blacklist" as "spy suspects." Investigation Bureau Head Wu Tung-min even fabricated alarmist news that the "CPC will first cause chaos in Taiwan and then take it" and that "Taiwan's security is shaky." He demanded that the "Espionage Act" be formulated as a countermeasure, which created a tense atmosphere as relations between the mainland and Taiwan were developing. Nevertheless, Taiwan's intelligence and security units could produce no evidence for their suspicions, so they then fabricated by all possible means deceptive incidents such as the Yu Tse-yuen and Chang Ke-hui incidents.

Ossified and Outworn Thinking

Furthermore, Taiwan's "Mainland Affairs Commission" and the KMT Mainland Work Committee have recently been concealing the authorities' mainland policy on the so-called intelligence they have acquired about the mainland. For example, Huang Kuan-hui, chief member of the Mainland Affairs Commission, made an amusing mistake when he obtained incorrect information that Buddhist Master Xingyun was refused entry into the mainland. Taiwan's media pointed out that it is inevitable for the Taiwan authorities to create erroneous or misjudged cases when they continue to follow the outworn thinking of "opposing the communists and guarding against spies" in the new era. Taiwan's "political victim" the "Mutual Help Association" even publicly protests the formulation of the "Espionage Act" and opposes reviving the white terror.

Trade Delegation Leaves for U.S. Talks*OW1007104693 Taipei CNA in English 0745 GMT
10 Jul 93*

[By Y.C. Tsai]

[Text] Taipei, July 10 (CNA)—The July 12-16 intellectual property rights protection [IPR] talks between Washington and Taipei will determine whether Taiwan can avoid US trade sanctions, Huang Yen-chao, director-general of the Board of Foreign Trade (BOFT) said Saturday [10 July].

Huang, Taiwan's chief delegate to the talks, made the statement prior to his departure to the US for Monday's talks.

In April, the United States placed Taiwan on its "priority watch list" targeted for trade retaliation under the 1988 omnibus trade and competitiveness act and demanded that Taiwan meet all US requirements for IPR protection by July 31. The US also demanded market access for its audio-visual products.

Huang said the Monday meeting will demonstrate to Washington what Taiwan has done to protect intellectual property rights, including the enactment and enforcement of related legislation.

"The US is most concerned with legislative proceedings involving the Cable TV Law, the Patent Law, and the Trademark Law," Huang said. But whether enactment of these bills could be completed by the end of July remains to be seen, he added.

Huang stressed that Taiwan is determined and sincere to protect intellectual property and inventions from unauthorized use.

The Monday meeting will be the first time Huang will serve as Taiwan's top delegate for trade talks with the United States since he assumed his post as BOFT chief in March.

Other delegation members, including Deputy BOFT Director-General Lin Yi-fu, already arrived in Washington Friday.

Intellectual Property Right Guidelines Approved*OW1207014993 Taipei Voice of Free China in English
0200 GMT 27 Jun 93*

[From the "News" program]

[Text] The Executive Yuan, or Cabinet, Friday [25 June] approved a set of guidelines for strengthening protection of intellectual property rights. The package will be enforced for a period of four years, starting 1 July.

According to the guidelines, the Ministry of Economic Affairs will set up a special bureau to enforce copyright legislations and help plaintiffs in copyright violation cases to file lawsuits. The ministry will also draft new laws to protect integrated circuit layouts, industrial designs, and business operation secrets to better protect intellectual property rights.

Meanwhile, the ministry and the Government Information Office will negotiate with the legislature on ratifying some copyright-related bills as soon as possible.

Editorial Hails 4 Jul, Discusses U.S. Economy*OW1207074793 Taipei THE CHINA POST in English
4 Jul 93 p 4*

[Editorial: "Happy Birthday to a Good Friend"]

[Text] Today marks the 217th anniversary of American independence from Great Britain. Since that day more than two centuries ago, the United States has evolved from a fragile union of 13 former colonies into the world's sole superpower.

Over 200 years ago, the autocratic rulers of many countries around the world laughed at the experiment in representative government established in America. Today, government of the people, for the people and by the people has become the ideal for scores of new democracies in Eastern Europe, Africa, Latin America, Asia and of course, right here in the ROC [Republic of China].

On this July Fourth holiday, Americans have good reason to look back on the past with pride and to the future with high hopes. However, there are a number of significant challenges which Americans must face if their country is to remain prosperous and strong.

Given America's impressive track record in overcoming seemingly unsurmountable crises such as the Civil War of the 1860's, the Great Depression of the 1930's and the Cold War which recently came to a close, prospects look good for the U.S. to eventually work its way out of its current economic doldrums and back into prosperity.

Due to the sheer size of the American economy and its giant influence over the world's overall economic prosperity, seeing an eventual economic recovery in the United States would be just as beneficial to the rest of the world as it would be to the Americans themselves.

For the ROC especially, hopes are high that the new administration of American President Bill Clinton will be able to work together with the U.S. Congress to successfully pass new legislation that will help give a shot in the arm to the American economy.

Although local exporters no longer rely on the American market alone to absorb the majority of their products, thanks in large part to a successful market diversification policy promoted by the ROC Government, nonetheless the U.S. still takes a substantial proportion of Taiwan's exports and will continue to do so for years to come.

Many on the island are concerned that the U.S. president's so-called deficit reduction package, which is currently going through the legislative approval process, could possibly result in an even weaker American economy, which would obviously have negative effects on local exports.

Many fear that American consumers will spend even less if they are burdened by the higher taxes which are included in Clinton's plan. And, if Clinton's spending cuts do not turn out to be as comprehensive as they currently look on

paper, the phenomenal budget deficit racked up over past decades by the U.S. Government could balloon to record levels and consequently severely affect the American economy.

Indeed, America's current problems which have derived from its giant budget deficit should be Chinese people on Taiwan as an ominous example and as a warning for our own legislators, who just recently also started to spend more than they take in. [sentence as received]

At least one piece of good news that should be music to the ears of Americans and Chinese alike is July Fourth, we can report that the United States has surpassed Japan to become the largest source of imports brought into the ROC.

The increase in the U.S. share of total exports to Taiwan is beneficial to the local economy, which suffers deeply from an ever-widening trade deficit with Japan in Tokyo's favor.

At the same time we congratulate America on its exports to the ROC, we should also remind our friends both in Taipei and Washington that when trying to resolve trade conflicts, it will be best for both sides to avoid taking harsh actions which could in the end hurt businesses here in Taiwan and in the United States.

We must calmly negotiate an end to the economic disputes which exist between Taipei and Washington. If both sides impose economic sanctions against the other, there surely would be more to lose than there would be to gain.

As we both enjoy similar systems of representative government, America and the ROC are natural friends and allies. We should take care not to let temporary economic conflicts which arise from time to time to haze our vision of the meaningful and lasting friendship which exists between our two countries.

Defense Minister on F-16 Attack Capability

OW1007003993 Taipei Voice of Free China in English
0200 GMT 7 Jul 93

[From the "News" program]

[Text] Defense Minister Sun Chen stated on Tuesday [6 July] morning that the F-16 A/B models of the fighter jets that the ROC [Republic of China] is purchasing from the United States do lack a land attack capability. However, after the plane is upgraded, they will have an attack capability similar to that of F-16 C/D models. Sun stressed that the ROC must obtain highly efficient fighter jets at the earliest stage possible to strengthen the nation's air defenses. He quoted President Li Teng-hui as stating that while a war might not develop for 100 years, a nation cannot be militarily unprepared for even one moment. Sun made the remarks when replying to queries from lawmakers at the Legislative Yuan.

Island Upgrading Armaments

OW1107131793 Taipei Voice of Free China in English
0200 GMT 11 Jul 93

[From the "News" program]

[Text] Defense Minister Sun Chen said the ROC [Republic of China] military is in the process of increasing firepower and decreasing manpower by phasing out old weapons and purchasing new advanced military hardware. During a working breakfast on Friday [9 July], Sun told a group of lawmakers that the military needed a complete overhaul and not just a minor updating. He said, quote, some of our ground forces are using equipment that is 40 or 50 years old. We don't even know if it will work anymore. We are purchasing new aircrafts, but our ground forces still use antiquated rifles and it is not right, unquote.

Sun called for all forces to be (?re-outfitted) in order to better protect the ROC. Sun told the lawmakers that his plan for the military is to increase firepower, decrease manpower, improve system, and promote morale. He said he is not interested in simply upgrading a few pieces of military hardware. He wants to mould the military into a new modern fighting force.

Representative Office To Open in Moscow 12 Jul

OW1107003593 Taipei CNA in English 1401 GMT
10 Jul 93

[Text] Taipei, July 10 (CNA)—The Republic of China [ROC]'s representative office in Russia will open Monday [12 July], government sources said Saturday.

The full name of the office will be "Representative Office in Moscow for the Taipei-Moscow Economic and Cultural Coordination Commission." It will also be known as the Taipei office in Moscow.

The Taipei-Moscow Economic and Cultural Coordination Commission is a semi-official organization established last year to handle exchanges with Russia in the absence of diplomatic ties between the two countries.

Taiwan and Russia reached an agreement last April to exchange representative offices to facilitate bilateral exchanges.

Lo Loon, the first ROC representative to Russia, will soon leave for Moscow to assume his post.

Lo, a career diplomat, worked at the ROC mission in the United Nations for 12 years. He has also served as ROC deputy representative to the United States and representative to Austria.

Diplomatic sources said Lo's appointment indicates Taiwan attaches great importance to its relations with Russia.

Substantive relations between Taiwan and Russia have grown rapidly in the past two years. Many Russian dancers and musicians have come here to perform for local audiences and two-way trade has increased substantially, with Taiwan registering a trade deficit.

Taiwan imported U.S.\$345 million worth of raw materials and semi-finished products from Russia last year, while its exports to that country totaled a mere U.S.\$23 million.

The ROC plans to sponsor a Taiwan festival in the Russian cities of Moscow, St. Petersburg and Vladivostok between

September and October. The festival will feature a trade show, culinary arts exhibitions and a Taiwan film fest.

Trade Ties 'Top Priority'

OW1207083293 Taipei CNA in English 0800 GMT
12 Jul 93

[Text] Vienna, July 11 (CNA)—Strengthening trade ties with Moscow will be the top priority, the first representative of the Republic of China [ROC] to Russia in more than four decades said Sunday [11 July]. [sentence as received]

Lo Loon made the remark on the eve of the opening of the ROC representative trade office in Russia.

The office opened Monday under the name "Representative Office in Moscow for the Taipei-Moscow Economic and Cultural Coordination Commission." The commission is a semi-official organization which was established last year to handle exchanges with Russia in the absence of diplomatic ties between the two countries.

Lo said he hopes Moscow and Taipei will increase their understanding of each other through trade, technological and cultural exchanges.

Lo, a career diplomat, worked at the ROC mission in the United States for 12 years. He has also served as ROC deputy representative to the United States and representative to Austria and Czechoslovakia, which split into Czech and Slovakia early this year.

Two-way trade between Taipei and Moscow increased substantially last year, with Taiwan registering a trade deficit.

Taiwan imported US\$345 million worth of raw materials and semi-finished products from Russia last year, while its exports to that country totaled a mere US\$23 million.

SRV Representative Office Opens in Taipei

OW1107003493 Taipei CNA in English 1351 GMT
10 Jul 93

[Text] Taipei, July 10 (CNA)—The Vietnamese economic and cultural office in Taipei opened Saturday [10 July] and immediately began operations.

The office will definitely lead economic and cultural exchanges between Vietnam and the Republic of China [ROC] into a new era, said Dao Duc Chinh, acting director of the Vietnamese office.

The office issues visas and provides trade information and tourism service, according to Dao.

Vietnam will most likely open a second office in Kaohsiung in southern Taiwan, Dao said. According to an ROC-Vietnam agreement, Taipei and Hanoi can each set up two offices in the other's country.

Taipei has opened two offices in Vietnam, one in Ho Chi Minh City and the other in Hanoi. The opening of the two ROC offices has further strengthened cultural and economic ties between the two countries, said a Ministry of Foreign Affairs official.

So far, Taiwan capital commitments in Vietnam have reached U.S.\$1.13 billion. The number of Taiwanese tourists to that country also continues to grow, he said.

Island Plans to Recruit Vietnamese Workers

OW1207015093 Taipei Voice of Free China in English
0200 GMT 2 Jul 93

[From the "News" program]

[Text] The Council of Labor Affairs, CLA, has announced that it plans to recruit Vietnamese workers to help ease the labor shortage here. CLA Chairman Chao Shou-po, who just returned from a trip to Vietnam, said the government would initially recruit 1,000 Vietnamese workers to test the feasibility of fully opening the labor market to Vietnam. Companies interested in recruiting the workers may start applying, the CLA said. Applications from the textile, construction, pottery, and other industries that face labor shortages will be given priority. Chao revealed that a small portion of the 1,000 workers will be allocated to allow applications for domestic helpers. Chao said that an official agreement between Taipei and Hanoi concerning salaries, security, skills, medical requirements, and other details will have to be worked out before Vietnamese workers are officially hired.

Besides the Vietnamese accord, the CLA will seek similar agreements with Thailand, the Philippines, Indonesia, and Malaysia.

Forestry Joint Venture Operates in Vietnam

OW1107012593 Taipei CNA in English 1345 GMT
10 Jul 93

[Text] Taipei, July 10 (CNA)—In an effort to offset local wood shortages, the ROC [Republic of China] government is seeking a partnership with Vietnam to jointly develop their forestry resources, the Council of Agriculture (COA) said Saturday [10 July].

According to a COA official, the best way of obtaining wood resources from foreign countries is to first help them develop their forests.

In this way, the ROC will avoid being condemned for the felling of rain forest trees.

A Taiwanese company planted 138 hectares of eucalyptus trees in southern Vietnam 18 months ago. The trees have already grown to over seven meters tall, Chen Hsi-chou, a COA forestry department chief, said.

Five hundred more hectares of eucalyptus will be planted in Vietnam by the company this year and another 6,000 hectares are planned for 1994, Chen added.

It is estimated that a total of 60,000 hectares of Vietnamese land will be allotted for afforestation by Taiwanese, he said.

Taiwan relies on imports for more than 95 percent of their timber needs, with Malaysia supplying about 80 percent of that amount.

But a Malaysian Government restriction on log exports has hurt the Taiwan market, forcing importers to look elsewhere for supplies, Chen said.

To help diversify Taiwan's wood import resources, the COA has been seeking overseas suppliers over the past several months. The COA has even visited Russia for a series of forestry cooperation talks, COA engineer Lai Chien-hsin said.

"We found that Russian imports are not so advantageous due to the distance between the two countries and since most Russian wood is insect vulnerable pine which must be lumbered soon after felling," Lai said.

Taipei To Set Up Fund Office in Mongolia

OW1207083593 Taipei CNA in English 0804 GMT
12 Jul 93

[Text] Taipei, July 12 (CNA)—Taipei is preparing to establish a Mongolian and Tibetan Fund Office in Ulaanbaatar to strengthen bilateral and substantive relations between peoples in Mongolia and Taiwan, an official said Monday [12 July].

The private, non-profit fund office will serve as a bridge between the Ulaanbaatar-based Mongolian Association for Trade, Economic, Culture, Science and Technology Cooperation with Pacific Countries and Regions, and the Taipei-based Mongolian and Tibetan Affairs Commission (MTAC), the official said.

The fund office, to be financed by the MTAC, is scheduled to be opened before the end of this year, he added.

Mongolian Prime Minister Puntsagiyn Jasray instructed his cabinet in April this year to invite Taiwan to establish an office in his country to improve bilateral ties, according to Chien Shih-yin, one of the 10 MTAC commissioners.

Chien has been working on the establishment of the fund office for the past several months.

Taiwan, Nicaragua Sign Communique on Ties

OW0907124493 Taipei CNA in English 0815 GMT
9 Jul 93

[Text] Taipei, July 9 (CNA)—The Republic of China [ROC] and Nicaragua signed a joint communique Thursday [8 July] in Taipei promising to promote political, economic and cultural cooperation.

The communique, signed by ROC Foreign Minister Chien Fu and his Nicaraguan counterpart Ernesto Jose Leal Sanchez, stipulated that the two countries will upgrade their current ties, particularly in agriculture, industry, fisheries and tourism.

Nicaragua will also help the ROC become a permanent observer in the Organization of American states (OAS), according to the communique.

Minister Leal reiterated Nicaragua's support to Taiwan's bid to join international organizations such as the United Nations.

He said he would deliver a speech at the UN General Assembly in September in which he would "make sure the right of ROC citizens to be internationally recognized is known by all."

The communique called for continued bilateral investment based on the investment guarantee agreement signed by the two governments in 1992.

The two countries also promised to continue funding scholarships and other vocational training programs to further promote the technological level of the two countries.

Leal left Taipei Thursday evening after a five-day visit. During his stay, he called on President Li Teng-hui and formally invited the ROC president to visit Nicaragua.

Australian Parliamentarians Arrive for Visit

OW1007100493 Taipei CNA in English 0747 GMT
10 Jul 93

[Text] Taipei, July 10 (CNA)—A four-member delegation from the Federal Parliament of Australia arrived in Taipei Saturday [10 July] for an eight-day visit.

While here, the Australian parliamentarians will call on Foreign Minister Fredrick [Fu] Chien, Vice Foreign Minister Fang Chin-yen, Justice Minister Ma Ying-jeou, Vice Economic Affairs Minister Sheu Ke-sheng and other government officials.

The lawmakers will also visit several cultural and economic establishments before they depart on July 17.

South Africa's Nelson Mandela To Visit Taipei

OW0907212993 Taipei CNA in English 1414 GMT
9 Jul 93

[Text] Taipei, July 9 (CNA)—A Foreign Ministry official confirmed reports on Friday [9 July] that South Africa's black nationalist leader Nelson Mandela had agreed to visit Taiwan, but would not specify when he would come.

The official who spoke on condition of anonymity told CNA that the Government of the Republic of China [ROC] had several times invited Mandela, 75, to visit Taipei since the second half of 1992. Mandela did not accept the invitation until early this [words indistinct] Foreign Minister Chien Fu visited South Africa, the official pointed out. The official was responding to press reports that Mandela, the leader of the African National Congress, which is the primary black group fighting to end white minority rule in South Africa, is scheduled to visit Taiwan later this month.

The official stressed that he believes the longstanding friendly relations between the ROC and South Africa will not be affected by Mandela's visit. In fact, since 1991 the ROC, under the full understanding of the South African Government, has stepped up contacts with black groups, including the Zulu-based Inkatha Freedom Party, the third largest political force in that country.

South Africa is scheduled to hold its first non-racial general elections next year.

Bank of Taiwan To Upgrade Hong Kong Office

OW0707145293 Taipei CNA in English 1348 GMT
7 Jul 93

[Text] Taipei, July 7 (CNA)—The Bank of Taiwan will upgrade its Hong Kong representative office to a branch office by late September, a high-ranking official of the bank said Wednesday [7 July].

The official revealed that the bank has obtained approvals of concerned authorities to upgrade its Hong Kong office to the status of a branch in late September.

"If all goes smoothly," the official said, "our Hong Kong branch will start operations before the end of this year."

It will be the second Taiwan-based bank, after the Hua Nan Commercial Bank, to be allowed to have a branch office in the British colony.

The branch will give priority to offering loans and other financial services to Taiwan businessmen there, the official said. It will also seek to establish cooperative relations with Hong Kong banking institutions, he added.

Other Taiwan-based banks with representative offices in Hong Kong include the First Commercial Bank and Chang Hwa Commercial Bank.

Taipei Reiterates Right To Attend APEC Forum

OW1007093893 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
9 Jul 93

[From the "Hookup" program]

[Text] The Ministry of Foreign Affairs issued a statement yesterday [9 July] refuting the Chinese Communist Foreign Ministry's argument that as Taiwan and Hong Kong are not sovereign states even though they are members of the Asia-Pacific Economic Cooperation [APEC] forum, they have no right to participate in the APEC summit's economic meeting.

The statement pointed out: It is an indisputable fact that the Republic of China [ROC] is a sovereign state.

Foreign Affairs Ministry spokesman Ouyang Jui-hsiung pointed out: The APEC is purely an economic, unofficial, and consultative forum. It aims to strengthen economic cooperation in the Asia-Pacific region. It does not involve any political affairs or sovereignty issues. All of its members are independent economic entities, enjoying totally equal rights and obligations. We will be happy to see the successful holding of the economic summit proposed by some APEC members. We believe that the summit will involve purely economic issues and should exclude the entanglement of political factors. Therefore, we resolutely oppose the Chinese Communist fallacy that we have no right to participate in the APEC summit's economic meeting.

Hong Kong

Hong Kong Advisory Group Visits Beijing

Lu Ping Meets Group

HK1007054793 Hong Kong SOUTH CHINA
MORNING POST in English 10 Jul 93 p 3

[Report by Doreen Cheung in Beijing]

[Text] China is allowing greater flexibility regarding legislators serving beyond 1997 in an apparent effort to break the deadlock over political talks. Lu Ping, the director of the State Council's Hong Kong and Macao Affairs Office, said yesterday that the criteria under which legislators elected in 1995 could serve after 1997 could be determined by the working panel preparing for the Special Administrative Region (SAR) Preparatory Committee. The working body will be officially launched next week.

The SAR Preparatory Committee, to be set up in 1996 under the Basic Law, will decide whether legislators elected in 1995 can sit on the first SAR legislature. The criteria it will use have yet to be defined, but will include a requirement for legislators to uphold the Basic Law. China has previously said the criteria would have to be decided by the SAR Preparatory Committee itself, and could not thus be published before 1996.

Britain has demanded that a set of objective criteria on who can serve beyond 1997, or ride on the "through train", be published before the 1995 polls to elect the legislature. Mr Lu said the criterion of "upholding the Basic Law" must be taken in a "very positive sense". People who were simply not opposed to the Basic Law could not be taken as upholding the mini-constitution, Dr Tang Siu-tong of the Heung Yee Kuk quoted Mr Lu as saying.

Speaking before meeting a Kuk delegation, Mr Lu said it was up to the National People's Congress Standing Committee to decide whether objective criteria could be spelled out before the 1995 elections. Despite a willingness to lay down criteria earlier, Mr Lu maintained that all legislators must be confirmed by the SAR Preparatory Committee.

Officials said that Article 104 of the Basic Law—which requires legislators to swear to uphold the mini-constitution and to pledge allegiance to the SAR when taking office—was inapplicable to the first legislature. Because the 1995 legislators would be elected under the British administration, there was a change in sovereignty involved when they straddled 1997. A confirmation process was therefore required, Mr Lu said.

He agreed that the criterion of upholding the Basic Law needed elaboration. But while China and Britain appeared to be getting closer on the through-train issue, they held different views on how many legislators could hold foreign passports and the abolition of appointed seats. Mr Lu said the number of foreign passport holders in the 1995 legislature should be less than 12. Governor Chris Patten has said he will not impose nationality restrictions.

Mr Lu also said appointed seats in the municipal councils and the district boards should be retained; Mr Patten has

proposed scrapping all appointed seats before the 1994-95 elections. But Mr Lu expressed hope that negotiations on the electoral arrangements, the airport financial package and the Sino-British Joint Liaison Group's work could be accelerated. Although China has approved phase one of the Central and Western reclamation project, Mr Lu said talks were needed on the financial arrangements for the airport project as a whole and its associated rail link.

Referring to UK Foreign Secretary Douglas Hurd's comment this week that Hong Kong should be treated as a "political city", Mr Lu said it would be a great misfortune for Hong Kong if that were to happen. Although different economic forces would be welcome in Hong Kong, various political forces could never be allowed. "If Hong Kong people become the chips in a politicians' card game, Hong Kong will be finished," he said.

Vice-Premier Qian Qichen issued a similar warning earlier in the day. He told Mr Hurd that what concerned Hong Kong with regard to politics was only how to maintain its prosperity and stability.

NPC's Wang Hanbin Sees Group

OW1007114393 Beijing XINHUA in English 0809
GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—Wang Hanbin, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with a delegation from the Heung Yee Kuk, an organization composed of natives of the New Territories of Hong Kong.

During the meeting Wang described a proposal to "stay to build Hong Kong and make it prosper" which was put forward by the H.K. Legislative Assembly members of the organization as far-sighted.

He said the return of Hong Kong's sovereignty to the motherland is a common aspiration of the entire Chinese people including Hong Kong compatriots. "Nobody can prevent this," he stressed.

The present pressing task is to take reliable steps to realize a smooth transition of power in Hong Kong so as to continuously maintain its prosperity and stability, and its position as an international financial, trading and shipping center, he said.

Wang said he was convinced that the Heung Yee Kuk will continue to play an important role in the smooth transition of power in Hong Kong, based on their contributions to its society in the past.

He said, "We spent nearly five years drafting the Hong Kong Basic Law following the signing of the Sino-British Joint Declaration on the Question of Hong Kong."

"After 1997", he said, "we should fully implement the basic law, which was passed and published by China's National People's Congress, and act in accordance with it."

During the meeting Wang also answered questions concerning the Preparatory Working Committee of the Hong Kong Special Administrative Region.

Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office under the State Council, attended the meeting.

Qian Qichen Discusses Issue

*OW1007141193 Beijing XINHUA in English 1350
GMT 10 Jul 93*

[Text] Beijing, July 10 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that China has not raised any new conditions in the Sino-British talks on the arrangement of elections in Hong Kong for 1994-95.

"It is our view that the agreements reached between the two countries must be observed and implemented. This principle cannot be changed," he said.

Qian made these remarks at a meeting here this afternoon with a delegation from the Heung Yee Kuk, a statutory advisory body composed of natives of the New Territories of Hong Kong, led by its chairman Lau Wong Fat.

During the meeting, Qian mainly answered the questions raised by the visitors on a series of issues concerning Hong Kong's future.

Qian said Hong Kong's prosperity and stability cannot be separated from the Chinese Mainland's while the latter also needs Hong Kong, a "window" that links to the outside world.

It is impossible for Hong Kong to maintain prosperity and stability if it departs from the mainland, he said.

He said to the visitors: "You can rest assured that no matter what may happen, we have the determination to realize a smooth transition of power in Hong Kong, ensure Hong Kong's prosperity and stability and earnestly implement the concept of 'one country, two systems.'"

Qian stressed that Hong Kong is an international financial, trade and shipping center and has never been called a "political center".

The issue that the Hong Kong residents are most concerned about is guaranteeing Hong Kong's smooth transition and maintaining its position as an international financial, trade and shipping center so as to realize its long-term stability and prosperity.

"This is the most important political task," he stressed.

On the issue of the new Hong Kong airport, Qian said: "We hope the new airport will be built at an early date. But the construction of the new airport in Hong Kong should be conducted according to the principles of less investment and higher efficiency stipulated in the memorandum of understanding between the two countries on the construction of the airport.

He noted some progress in financial arrangements on the new airport, adding that the negotiations are continuing.

Qian said that less than four years remain before the return of Hong Kong to the motherland.

He said China's National People's Congress Standing Committee has decided to set up the Preparatory Working Committee of the Hong Kong Special Administrative Region according to a resolution made at the first session of the Eighth National People's Congress.

The main work for the Preparatory Working Committee is to raise suggestions for the work related to the smooth transition of power in Hong Kong. To this end he said, "we should keep our extensive contacts with the Hong Kong residents from all walks of life and listen to their opinions so as to draw on collective wisdom and absorb all useful ideas."

During the meeting, Qian expressed appreciation for many years of effort that the Heug Yee Kuk have made for the local residents.

Lau said the delegation will continue to do its utmost to ensure the smooth transition of power in Hong Kong and continued prosperity and stability and give full support to the work of the Preparatory Working Committee of the Hong Kong Special Administrative Region.

Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office under the State Council, attended the meeting.

Official, Advisers Discuss 'True Democracy'

*OW1007035893 Beijing XINHUA Domestic Service in
Chinese 0337 GMT 8 Jul 93*

[Text] Hong Kong, 8 Jul (XINHUA)—In a meeting with Hong Kong affairs advisers, Wang Qiren, deputy director of the State Council Hong Kong and Macao Affairs Office, stated that true democracy aspired by the Hong Kong people will materialize after 1997 if we proceed in an orderly way and step by step. He was in Hong Kong on an internal working visit.

During the two-and-a-half-hour meeting, a dozen or so Hong Kong affairs advisers expressed their views on the ongoing Sino-British talks, the establishment of the Preparatory Work Subcommittee for the Hong Kong Special Administrative Region Preparatory Committee, and Hong Kong's current political and economic issues. A person from the media commented that allowing Hong Kong affairs advisers to fully express their views, including differing views, is itself a manifestation of democracy.

After listening to their views, Wang Qiren said: Only 1,453 days remain before China regains sovereignty over Hong Kong in 1997. The history of colonialism of more than a century will significantly and solemnly come to an end in our generation. The time is pressing, and a large amount of work is awaiting us. In handling Hong Kong's current affairs, proceeding in an orderly way and step by step to promote democracy is an act of truly respecting public opinion and is conducive to Hong Kong's smooth transition. The Hong Kong people's economic interests should always be considered. He stressed: The Chinese side is very sincere in handling the various pending issues in Hong Kong. As there are not many days left, we hope that there

is positive progress in Sino-British cooperation and that China's sincerity will not be wasted.

The meeting was held at the XINHUA Hong Kong Branch office. Zhu Qingcheng, deputy director of XINHUA Hong Kong Branch, and other personnel concerned were present.

Zhou Nan Meets Hong Kong NPC Members

OW0907134293 Beijing XINHUA in English 1257
GMT 9 Jul 93

[Text] Hong Kong, July 9 (XINHUA)—Zhou Nan, director of XINHUA NEWS AGENCY Hong Kong branch, met with over 100 Hong Kong members of the Chinese National People's Congress (NPC) and of the Chinese People's Political Consultative Conference (CPPCC), as well as advisers on Hong Kong affairs.

Zhou briefed them on the mainland's current economic situation and the recent NPC decision to set up the preliminary work committee of the preparatory committee for the Hong Kong Special Administrative Region (SAR) after 1997.

He urged the Hong Kong compatriots to make joint efforts to promote the smooth transfer of power and enhance the common prosperity of the mainland and Hong Kong.

On the preliminary committee, Zhou said there is a lot of work to be done for the establishment of the committee. "It is just timely and necessary to set up the committee," he said.

Zhou noted that the establishment of the committee is of great importance to ensure the smooth transition and to maintain stability and prosperity in Hong Kong.

He said the committee would strictly abide by the principles set in the basic law of Hong Kong and welcome opinions and suggestions from various sectors in order to do a good job of preliminary work for the smooth transition.

The establishment of the committee, he went on, is conducive to ensuring the transfer of power in 1997, increasing Hong Kong people's confidence in the future and helping them take a more active attitude on issues in the post-transition period.

This would create conditions, in line with the "one country, two systems" policy, for the implementation of the guideline that Hong Kong people govern Hong Kong, Zhou said.

He stated that the committee would set up some specific groups to make research and offer proposals on the development of various sectors and on the convergence with the basic law.

He said the number of the committee members may increase in light of the developing situation.

Zhou hoped the Hong Kong NPC and CPPCC members and advisers on Hong Kong affairs, together with others, would offer opinions and suggestions for the committee

through various channels in a bid to contribute to the smooth transition and maintenance of stability and prosperity in Hong Kong.

Patten To Play 'Less Prominent Part' After 1995

HK1207015093 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jul 93 p 2

[By Fanny Wong]

[Text] Governor Chris Patten intends to pave the way for a new generation of leaders for Hong Kong by playing a less prominent role after the 1995 Legislative Council elections. "I very much anticipate that, the closer we get to 1997, I'll be playing a less and less prominent part as other people come forward, because I am part of Hong Kong until 1997, I am not part of the future of Hong Kong," he said.

Mr Patten pointed out both civil servants and politicians would be encouraged to come forward to take on bigger roles as 1997 approached. "When I, as it were, hand over the key on June 30, 1997, what I hope I would be able to say to the Chief Executive is, there is in Hong Kong now a political leadership, which is home-grown, responsible, capable of playing the part of monitoring the executive, or carrying out the plans of the executive, in a way which is wholly consistent with the maturity that Hong Kong shows elsewhere in its life.

"That's the way in which we'll be able to secure the stability and prosperity of Hong Kong. It's not the only way, but an important part of the recipe.

"Part of my job, particularly after the 1995 elections, but before that as well, must be to bring people on in a responsible way." The Governor has already made clear that he wants to localise the post of the Chief Secretary later this year, when incumbent Sir David Ford retires.

Predicting the outcome of the 1995 elections, Mr Patten said he thought that Hong Kong would have a legislature, if it was fairly elected, which would be very representative of the community. "I think it will be representative of some of those politicians and parties, which are closer to the out-look of Beijing.

"I think it will have members who are liberals with a small 'l', as well as liberals with a large 'L'. I think it will be a very fair reflection of Hong Kong opinions," Mr Patten said.

The Governor urged mainland officials to have more confidence in the ability of pro-China candidates to win votes. "I think that some time officials in the NCNA (New China News Agency) and officials in Beijing underestimate the ability of politicians, who are quite close to their point of view, to win votes.

"They should actually trust the electors. They've got good arguments and they'll have good candidates. What's so threatening about the opinions of the people that you talk to when you walk down in Wan Chai this afternoon or Sha Tin or Fanling."

Patten Calls For Clarification on Through Train

HK1207020693 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 93 pp 1, 2

[By Chris Yeung and Fanny Wong]

[Text] Governor Chris Patten has warned of disruption and uncertainty if a set of clear and objective criteria on who can ride on the through train in 1997 is not in place before the 1995 Legislative Council [Legco] elections.

In an interview with the South China Morning Post, he gave a strong hint that London would prefer if lawmakers elected in 1995 could sit on the post-1997 legislature by taking an oath to uphold the Basic Law and swear allegiance to the Special Administrative Region, as prescribed under Article 104. "Article 104 applies after 1997. All we're saying is that there should be similar criteria for determining candidates elected before 1997 can travel through after 1997. Article 104 is a good basis for determining the criteria for legislators travelling through 1997," he said.

Mr Patten said the through train plus a set of "fair and open" electoral arrangements that were acceptable to Hong Kong people were equally important to Britain. He dismissed speculation that London would make concessions on the pace of democracy at the expense of the through train. "I think both pillars are equally important and neither are after all terribly difficult to achieve, or shouldn't be," he said.

Mr Patten argued that there would be a "complete distorting effect" and disruption of subjective criteria were to be imposed when vetting legislators. "Are the criteria going to be, for example, well we didn't like his opinions three or four years ago? Are the criteria going to be hidden in a smoke-filled room?"

"At the moment, there are criteria. In order to be a candidate you need to meet certain qualifications. If you are a successful candidate and you win the election, again you have to meet certain qualifications, you must take an oath.

"Nobody can possibly object to there being criteria, but we have to know what they are.

"I have never heard of an election where candidates do not know whether they will be in the entire period of the legislative body which is being elected.

"You write in the electoral address and say 'wait for me, I'd like to be around until 1999 but I'm afraid that I can't tell you whether I will be because it's all going to be dependent on the decisions to be made in 1996 on the basis which I don't know'.

"You only have to express the argument to see how absurd it is."

Senior Chinese official Lu Ping told a Hong Kong delegation last week that a set of criteria on the through train arrangements could be worked out by a working body of the SAR Preparatory Committee. But he stressed that it was up to the Preparatory Committee itself, which will be

formed in 1996, to confirm whether the lawmakers sitting on the 1995 Legco can continue to serve beyond 1997.

Without a clear set of criteria on who could ride the through train in 1995, Mr Patten said "the whole of the last two years from 1995 to 1997 of British sovereignty are going to be dominated by this question". "It would be disruptive of good government. It would be disruptive in the legislature. It would be, I think, a terrible back-drop to a successful transfer of sovereignty," he said.

Jurist Discusses Transition Committee

OW0907213893 Beijing XINHUA in English 1502 GMT 9 Jul 93

[Text] Beijing, July 9 (XINHUA)—Wu Jianfan, a jurist on the Chinese Mainland, said today that mainland and Hong Kong members of the Preparatory Work Subcommittee of the Hong Kong Special Administrative Region (S.A.R.) will strive to cooperate and make their contribution to the smooth transition of Hong Kong in 1997.

As one of the 57-member Preparatory Work Subcommittee of the Preparatory Committee of the Hong Kong S.A.R., Wu, a research fellow in the Law Institute of the Chinese Academy of Social Sciences, was once member of the committees for drafting the Basic Laws of Hong Kong and Macao.

As he worked on the drafting committee of the Basic Law of Hong Kong, Wu traveled to Hong Kong many times to listen to the opinions of Hong Kong compatriots and became quite familiar with the conditions of Hong Kong.

He said that all of the 30 members from Hong Kong at the Preparatory Work Subcommittee are celebrities in Hong Kong and have independent views and outstanding working capacity.

He said that although they have joined the Preparatory Work Subcommittee on behalf of themselves, they will surely reflect the opinions and appeals of their trades and their community.

On the significance of the establishment of the Preparatory Work Subcommittee, he said that 1997 is only four years away and thus, there is lots of work for the Preparatory Subcommittee to do.

He said that as far as the interests of the Hong Kong people and those of the whole Chinese people are concerned, it is necessary and timely to establish the preparatory work organ.

On the adaptability of the existing laws in Hong Kong, the law expert said that according to the Basic Law of Hong Kong S.A.R., those existing laws of Hong Kong which are not contradictory to the Basic Law can be adopted in the Hong Kong S.A.R.

He said that most of the Hong Kong existing laws such as those concerning economy, culture and education will not be changed because the state policy is to ensure that the existing laws in Hong Kong will basically remain unchanged. Laws which are contradictory to the Basic Law and will not be adopted are not many, he added.

Wu pointed out that the Preparatory Work Subcommittee will enhance its links with various circles and listen widely to the opinions of the people of all walks of life, especially to Hong Kong people, so as to fulfill its mission.

Fujian Trade Fair in Hong Kong Ends

OW1007035993 Beijing XINHUA Domestic Service in Chinese 0636 GMT 8 Jul 93

[By reporters Shi Yusheng (4258 3768 3932) and Zhang Jian (1728 0256)]

[Text] Fuzhou, 8 Jul (XINHUA)—A week-long trade fair held by Fujian Province in Hong Kong ended recently. A total of 1,354 contracts for projects with a total investment amount of \$8 billion were signed. They utilized foreign funds worth \$7 billion.

The number of signed contracts which have total investment amount in excess of \$10 million reached 242. Most of them were for communications, energy, and other infrastructure projects. Among them were phases three and four of the project to renovate Xiamen's Dongdu Port, development project at the wharf of Zhangzhou, construction of an electric power project on Meizhou Dao, thermal power plant construction projects near coal mines in Longyan, and hydropower projects along Sha Xi He River in Sanming. They all would utilize foreign funds.

Among the signed contracts 1,061 were for industrial and agricultural production. Accounting for more than half of the foreign funds to be utilized, they included the Swiss multinational ABB Company's investment project in Xiamen for production of low-voltage component and high-voltage cable accessory parts, the Japanese Matsushita Electric Industries' investment project in Xiamen for production of hi-fi stereo sets for export, a Hong Kong

firm's joint venture in Longyan which has a production line designed with an annual output of 100,000 cubic meters' worth of medium density fiber board, glass block, and glazed color brick. They were all production projects that introduced the latest technologies from the mid-eighties to the nineties.

The tertiary industry with the real estate sector playing the dominant role remained the hot spot of investments. The contracts for the second phase projects of the Shishi Golden Coast Resort Area in southern Fujian and the Quanzhou Bolong Comprehensive Development Zone, which were developed under sole proprietorship by Hong Kong businessmen, were signed during the fair. In addition, the Australian Overseas Investment Company, Limited, also signed a contract to develop a 1,500 mu-area comprehensive resort center under sole proprietorship.

Implementing the policy of a free port, the Xiamen Special Economic Zone accelerated installation of an administration line in the special zone and expedited construction of projects on the 80 square km of land on Haicang to attract businessmen. Hong Kong, Taiwan, and overseas businessmen showed a keen interest in the zone, which secured contracts worth foreign funds in excess of \$1.3 billion during the trade fair.

During the trade fair, Fujian Governor Jia Qinglin and Chairman Li Ka Shing, of Hong Kong's Chang Jiang Industrial (Group) Company, Limited, held intensive talks on expanding economic cooperation. Li Ka Shing said he was prepared to further expand cooperation in renovating old enterprises and increase investments in electric power, highway, and other infrastructure projects while cooperating and investing in the project to maintain and renovate the old "three lanes and seven alleys" in Fuzhou.

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